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# ***JPRS Report***

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## **Soviet Union**

### ***EKO: ECONOMICS & ORGANIZATION OF INDUSTRIAL PRODUCTION***

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## NOTICE

Effective immediately, the JPRS report SOVIET UNION/ EKO: ECONOMICS & ORGANIZATION OF INDUSTRIAL PRODUCTION, a complete translation of the Russian-language journal EKO: EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA, published in Novosibirsk by the USSR Academy of Sciences, Siberian Branch, will no longer be published.

Translations of individual articles from this journal will be published in the JPRS report: SOVIET UNION/ECONOMIC AFFAIRS or in the FBIS DAILY REPORT: SOVIET UNION.

# **Soviet Union**

## **EKO: Economics & Organization of Industrial Production**

No 12, December 1987

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28 MARCH 1988

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## EKO: ECONOMICS & ORGANIZATION OF INDUSTRIAL PRODUCTION

No 12, December 1987

### Role of Public Opinion Examined

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[Article by P. S. Filippov (Novosibirsk): "For Public Opinion—Tooth and Nails!"; first paragraph EKO introduction]

[Text] *Democracy has been and still is the most important lever for consolidating the socialist concept of law, and a solid concept of law is an indispensable part of our democracy. (M. S. Gorbachev)*

The ministry does not establish accountability for the enterprise in terms of indicators envisioned by law. The director is indignant: again specialists must be taken away from their work to fill out forms, but....the order sent down from above is fulfilled obediently.

The department for accounting for and distributing dwelling space, in spite of existing legislation, denies the residents of a communal apartment their legitimate right to a room that has been vacated. If they go to court, it will restore justice. But tomorrow the workers of the department will refuse someone else. The situation repeats itself.

For decades a pulp and paper combine by the lake has violated environmental protection legislation. Its wastewater destroyed Lake Ladoga. But the head sanitation physician of Leningrad Oblast did not take advantage of the authority granted to him in order to put a stop to the criminal activity of the managers of the enterprise. And the citizens of the oblast did not bring suits in defense of the environment because the law does not envision such suits.

The oblispolkom, concerned about the interests of local consumers' cooperation, in violation of the RSFSR Civil Code prohibits private individuals from transporting potatoes to markets outside the oblast. And the procurator, whose responsibilities including checking on the legality of decisions of the executive authority, remain silent. And the kolkhoz workers whose vehicles are turned in by the state automotive inspection do not go to court or to the procurator, but they try to "grease the palm" of the inspector....

What do these examples have in common? The officials are not performing their legal duties and the citizens do not wish to and sometimes do not wish to defend their rights and social interests and sometimes do not have the possibility of doing this!

How do we make sure that officials everywhere perform their legal duties, and how do we increase the activity of the citizens in defense of their rights and social interests? These questions are not new. They have been raised repeatedly in various stages of our history. But as long as administrative-bureaucratic methods of management have prevailed in our economy and social life, radical proposals regarding this have always been rejected. We have now begun a restructuring of outdated production and social relations. New laws and decrees are being adopted and the customary style of life and work are sharply changing. It is time to return to a discussion of these issues. For it is not enough to adopt laws about fighting against drunkenness and unearned incomes or decrees about new economic conditions for the operation of enterprises—it is necessary to provide for their actual fulfillment and arrange things so that each bureaucrat who sabotages the restructuring will be aware of the inevitability of punishment. In the fight against sabotage by bureaucrats it would be expedient to use not only traditional methods of ensuring legality, but also new ones, associated with further development of socialist democracy, for it is precisely the democratization of social life, as was noted in the decree of the January (1987) Plenum of the CPSU Central Committee, that will make it possible to solve the problems that have accumulated over the years of stagnation.

### Personal Peace—Above All

Procurator supervision is a traditional method of providing for precise and unwavering execution of the laws. The general procurator and the procurators under his jurisdiction are obligated to protest illegal decisions and actions of officials and to institute criminal or administrative proceedings against violators of the law. But practice shows that procurator supervision is still not effective enough.

The press is dotted with reports of violations of socialist legality by people who had previously held high state and party posts. In many cases the procurators have not taken the proper measures promptly and have covered for local leaders who for crimes envisioned by the Criminal Code have been given reprimands along the party or administrative line.

First here and then there facts come out about encroachment by the ministries on the rights of enterprises, sovkhozes and kolkhozes, and incompetent or illegal intervention in their operational activity which frequently leads to large national economic losses. But procurators do not like to cast doubt upon the legality of this kind of intervention and they do not try to make their contribution to the establishment of the legal nature of interrelations "along the vertical."

There are many other examples of criminal inactivity on the part of the procurator, the police units on duty, the division for fighting against theft of socialist property and criminal investigation departments. This pertains

particularly to the refusal to accept from citizens report concerning violations of their legitimate rights, thefts, swindling, hooliganism, and negligence in the investigation of crimes. A typical example: a half-year after the adoption of the RSFSR Supreme Soviet of Article 139<sup>1</sup> of the RSFSR Criminal Code concerning criminal liability for persecuting citizens for criticism, not a single criminal case was brought under this article, although the flow of complaints and reports from citizens to the CPSU Central Committee and other central agencies regarding this is not letting up.

Today the quality of the work of the investigative agencies is judged according to the number of registered crimes. In order not to spoil this indicator the police try to register only crimes about which it is impossible to remain silent (large-scale thefts, murders, burglary, robbery, and so forth). They do not investigate petty thefts, the majority of speculation transactions, "under the counter" trade in shortage goods or other crimes that have no apparent victim. The society suffers here: damages caused to its moral values and speculators multiply and flourish. And legal protection agencies, not having effective incentives, frequently give only the appearance of work. Some of their workers have their "hands tied" by gifts, tributes, and bribes. Others do not violate the law, but do not fight hard against its violations. Regardless of how things go, the salary of these workers is guaranteed.

Of course the expected change in the economic situation in the market of goods and services, which is associated with the Law on the State Enterprise (Association) and other normative acts of new economic legislation, will sharply narrow the possibilities of speculation and theft.

Recent personnel changes that affected the procurators' office and the ministries of internal affairs and justice are also producing their effect. But historical experience teaches us that the irreversibility of restructuring is guaranteed not by the personal qualities of specific leaders, but by improvement of social relations. It is necessary to create a system of incentives and control which will in practice preclude corruption among workers of the procurators' office, the police, the division for fighting against theft of socialist property, criminal investigation, and the courts. Apparently it is possible to radically increase the possibility of legal protection agencies and other state agencies for the observance of laws only by augmenting the state system for ensuring law and order with a public system. In other words, it is time for public opinion, which today has only eyes, to be given teeth and nails!

### The Right of Accusation—To the Citizens

The classics of Marxism-Leninism pointed out the need for public opinion to have an active influence on the observance of law under socialism. F. Engels said the first condition for any freedom is "the responsibility of bureaucrats for their official actions with respect to any

of the citizens before ordinary courts and by common law."<sup>1</sup> V. I. Lenin as early as 1902 considered it necessary for the Constitution of the Russian Democratic Republic to give "each citizen the right to prosecute any bureaucrat in court without lodging a complaint through the authorities."<sup>2</sup> In 1925 the Commission on Revolutionary Legality of the VKP(b) Central Committee discussed the proposal of the lawyer Yu. Larin to grant Soviet citizens the right to investigate criminal proceedings for accusing officials of violating the law so that each citizen could act as the plaintiff in these proceedings. Then this proposal was not adopted because they were afraid that the educated bourgeoisie would drag through the courts all the Soviet workers and Red directors who were previously workers and peasants.

Today the citizens have the right to lodge complaints in court against administrative agencies only when their illegal actions pertain to labor and housing cases, decrees concerning the imposition of fines, and certain other categories of cases. There is no question of a citizen independently instigating proceedings against officials for illegal decisions. Therefore the bureaucrat, while fulfilling a court order, restores the trampled rights of one citizen but can immediately repeat his illegal actions with another. Moreover, relying on his connections, he feels relatively safe even if the citizens appeal to the procurator. For having the monopoly on accusation, the procurator has many possibilities of "bringing things to a standstill."

The political report of the CPSU Central Committee to the 27th Party Congress noted the need to develop legislation concerning the policy for lodging complaints in court against the illegal actions of officials who encroach upon the rights of a citizen. In our opinion, the deepening democratization of social life and the unceasing struggle against opponents of the restructuring today requires a law not so much about the policy for lodging complaints as about the rights of citizens and collectives to independent prosecution, without state accusation, of officials in court for illegal actions or criminal inactivity just as is the case in certain other countries. The court need not limit itself to restoring the rights that have been encroached upon or making a partial determination concerning the guilty parties; they should bear administrative and legal responsibility. Why is it that a driver that has violated traffic rules bears material, administrative, and sometimes even criminal responsibility while a bureaucrat, who is supposed to know and execute the laws but violates them anyway, goes unpunished.

Let us especially note the need to grant citizens the right to independently initiate administrative or criminal proceedings against workers of the police, investigators, procurators, and judges for violations of laws or criminal inactivity. Then, no matter how much the procurator, investigator, or judge wanted to humor influential people, "to halt the proceedings for a person he needed," the danger of being sued himself by citizens would have a sobering influence. Criminals within the legal system

who trample on the most important principle of equality of citizens before the law would lose confidence in their impunity. The thousands of eyes of public opinion armed with the right to criminal prosecution would not allow them to reduce punishment to remarks, reprimands, and transfers to different positions. Strictly calling to account each citizen who has violated the law would become the rule without any exceptions.

### Reward for Civic Courage

When creating a social system for maintaining law and order it is necessary for the citizens to take a more active position in fighting against legal violations. There are people with a keen sense of civic duty, but so many of us live according to a principle of "mind your own business." Sometimes it is difficult to persuade eyewitnesses to an occurrence even to speak out as witnesses. Yet the society is far from indifferent to the way its members regard the performance of their civic duty. Incidentally, its performance requires immense courage. It is no accident that on the pages of *Literaturnaya Gazeta* a suggestion has been made to give award orders and medals to those who in a difficult battle in and out of court have defended public interests and achieved a conviction of bribe takers, embezzlers, and bureaucrats. Perhaps it is time to make this proposal the law.

Another form of stimulation of civic activity also seems useful: a court decision concerning gratitude or the award of a valuable gift to people who have instigated proceedings and actively contributed to disclosing violators of the law. A bonus fund for these purposes could be created from the fines imposed on the guilty parties (along with other punitive measures).

Some readers object: "The author is suggesting paying for information!" No, it is not paying for information, but rewarding civic courage that has been manifested. After all, we do not protest against rewarding those who distinguish themselves in putting out a fire. But what if the citizens have saved valuable goods not from fire, but from thieves? Or if they have defended the honor and dignity of someone unjustly accused? It is time to get rid of sanctimonious ideas about the immorality of rewards for maintaining law and order. Within reasonable limits such incentives have been applied and are being applied in many countries and, as a rule, they do not arouse moral objections.

Thus in Belgorod Oblast during the last century, in their assemblies the peasants made a decision prohibiting the gathering of nuts in the forests before 1 September, and they elected patrols. If they caught a poacher they would receive a monetary remuneration—the fine imposed on the violator. Moreover, this rule extended to any resident who caught a poacher, even if he had not been elected to be a patrol.

Of course, encouraging civic activity cannot be reduced solely to punishing officials. Collective forms of economic motivation to observe law and order are coming to the forefront today. Authentic cost accounting of enterprises and their structural units actively motivates collectives to fight against theft and mismanagement. It also prompts the councils of labor collectives and the elected administration to fight against the arbitrariness of bureaucracy and defend the legal rights of enterprises, and demand that guilty parties be punished. It is important only to take into account that, albeit rarely, there are collectives in which the majority are oriented toward illegal activity. Their slogan is "Live and let live!" Therefore the right to instigate court proceedings should be granted not only to elected representatives of the collective, but also to individual workers.

In order to keep slanderers and maligners out of court, it is necessary to raise the court cost for the plaintiff and establish a large amount of monetary compensation for the accused for emotional damage that is caused if he is found not guilty. The compensation should be paid by the plaintiff. A correctly regulated system of awards, taxes, and compensations will provide, on the one hand, for the proper activity of citizens in prosecuting legal violators and, on the other, a natural weeding out of suits in which a legal violation cannot be proven.

### Regulating Decision Making

The right of collectives and individual citizens to independently prosecute legal violators in court is an effective means of treating the disease. But prevention is no less important. This should be the very procedure of examination by administrative agencies of specific individual cases, which will contribute to the substantiation and the legality of decisions that are made that affect the rights and interests of individual citizens, enterprises, institutions, and organizations, and that also create the corresponding obligations for them.

Why is one normative of deductions into the budget and not another one established for a particular enterprise? Was the financial inspector right when he imposed a high tax on one craftsman and a low one on another? Regulation of the procedure of decision making will help to increase the substantiation of such administrative decisions and reduce the area of possible arbitrariness. In our opinion it is time to adopt an administrative-procedural code that establishes the subject and territorial jurisdiction of administrative affairs, the policy for instigating and conducting a procedure and that determines the procedural deadlines and reinforces glasnost, participation of interested parties, the rules of correct decision making, and the conditions and policy for their execution and appeal.

Regulating the process of making decisions regarding individual cases is important because in these the administrative agencies perform essentially quasijudicial functions. In order to consider a disputed issue completely

and comprehensively and to make the correct decision, participants in the administrative process must be given the right to a hearing, defense and other procedural guarantees.

In the quasijudicial activity of administrative agencies, the cases most vulnerable to criticism are the ones in which they act both as the judges and as one of the parties (and frequently also the investigator in a dispute, which raises doubt about whether the examination of the case is unprejudiced and the decision is correct. It is no accident that in certain countries quasijudicial administrative agencies are separated, right down to forming them into specialized courts. Possibly it would be expedient for us to take similar measures, instituting, for example, an economic court instead of the current State Board of Arbitration, a patent court that resolves issues of authorial rights, tax courts, and other specialized courts.

#### **A Competitor Will Determine the Wages**

The institution of a social system for maintaining law and order that augments the state system provides a good basis for evaluating the work of the procurator's office, investigative agencies, and the police. For the worse their performance the more independent suits from collectives and citizens there will be in court. And, conversely, the more efficient their activity, the fewer concerns the society will be left with with respect to protecting civil and self-management rights and social order. The basis for evaluating and paying for the labor of workers of law enforcement agencies naturally follows from this. Thus the salaries of the procurator and his deputies can be linked to the relationship between the number of suits settled in favor of the procurator and the number of suits settled in favor of the citizens.

In order for the procurator's office, as an agency of general supervision and state prosecution, not to remain apart from the sources of collectives and individual citizens and support them with its authority and, if necessary, defend the accused from slander, it would be expedient to establish a policy whereby the procurator is immediately informed of a suit. This will enable the procurator and the investigative agencies to promptly conduct independent investigation and, depending on the results, support the plaintiff or the defendant in court. The participation of the procurator and the investigator in the judicial process in this case can also influence the evaluation of their labor.

The objectiveness of the evaluation of work of line units of the police, the society for preventing the theft of socialist property, and criminal investigation can also be increased by creating a reliable system of control over mandatory registration by law enforcement agencies of all complaints of legal violations from citizens. But up to this point no effective measures that radically change the situation have been taken. It is strange that such a simple

form of precise accounting as a second copy of a complaint has been too much for the oblispolkoms to handle. And yet it is so simple: a citizen who has gone to the police unit on duty writes a complaint in two copies. The copy is put into the postal box of the soviet of people's deputies that is found at the entry of the office. These copies would make it easier for the permanent commission of the soviet to keep track of the adoption of measures regarding complaints from citizens, to objectively evaluate the work of the police, to provide statistical accounting for legal violations, their prevention, and so forth.

#### **After Comprehensive Examination....**

It is tempting when developing socialist democracy to create a system for maintaining law and order which forces each citizen and each official to unwaveringly observe legal obligations. But it is more important to reach a point where the laws and normative documents ensuing from them which determine these obligations reflect as fully as possible the requirements for the development of the society.

The 27th CPSU Congress noted that during the 1970's they did not promptly recognize how crucial and immediate was the task of changing the Soviet economy over to the path of intensive development and active utilization of the achievements of scientific and technical progress. This evaluation shows that the existing mechanism for creating norms, which was called upon, in particular, to respond on the spot to changes in the economic situation, it was still far from perfect. Its failures, unpredictability, and lack of initiative cost a great deal.

The lesson of truth and responsible analysis of the past require that we take a critical approach to the practice of legislation. In state, administrative, and economic law many normative acts that were most important for the economy were not brought up for examination by the Supreme Soviet and were adopted in the form of decrees of the USSR Council of Ministers. The basic features of the economic mechanism under the 11th Five-Year Plan were determined by the joint decree of the CPSU Central Committee and the USSR Council of Ministers, "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing the Effectiveness of Production and Improving the Quality of Work" (of 12 June 1979) and it was concretized by certain "instructions" and "provisions" approved by the Gosplan, the Ministry of Finance, the State Committee for Labor and Social Problems, and the State Committee for Prices.

The main source of legal norms in economic activity up until recently have been acts that did not have the high legal force of the law which were adopted without comprehensive examination in sessions of the USSR Supreme Soviet, which can hardly contribute to their authority and substantiation. The adoption by the USSR

Supreme Soviet of the Law on the State Enterprise (Association) breaks this policy and makes it possible for a higher authority to determine the paths and methods of restructuring the economy.

Here it is important not to repeat the mistakes of the past when normative acts coming from the USSR Supreme Soviet were frequently adopted in the form of ukases from the presidium, although the latter, according to the accepted constitutional concept, is not a representative agency at all. Thus the ukases of the presidium of the USSR Supreme Soviet put into effect the "USSR Air Code" (of 26 December 1961) and the "USSR Commercial Shipping Code" (of 17 September 1968) and the Supreme Soviet at its session approved these ukases without discussion.

The party appeal to utilize creatively the progressive experience of the socialist countries forces us to turn to the activity of the Federal Executive Council of Yugoslavia. The draft laws are discussed actively, comprehensively, and scrupulously at its sessions. All normative documents affecting the most important aspects of the country's economic, social and political life have the form of laws. In spite of the careful preparation by the government, the draft laws, as a rule, are rejected several times by deputies of the council and are returned for further work. The Yugoslavs think that it is better to take all the consequences of adopting a new law into account during the process of discussion and completion of the draft law than to hastily make changes in it in the future. It would seem that it is time for us to establish such a policy, whereby all normative acts that regulate the most important production and other social relations will necessarily have the form of laws and be adopted by the USSR Supreme Soviet after comprehensive discussion. The list of issues within the competence of the USSR Council of Ministers, the ministries and the departments should be strictly limited by special references in the laws that delegate the corresponding authority.

There is some point in publicizing the course of the discussion of the draft law in the press and during the period of the session of the Supreme Soviet, giving one television channel over for direct broadcasting of the debates (to be shown again on videotape). It might be necessary to state the position of each deputy when voting on the draft law and amendments to it, which is of considerable importance for making the electoral campaign more active.

Unfortunately, legislative and executive agencies sometimes still adopt laws and normative acts ensuing from them that contradict the constitution and legislation that is in effect or are simply poorly drawn up. Thus in legislation concerning public health, the protection of nature, and public education there are quite a few articles that reflect the undoubtedly correct goals and requirements, but their content is unspecific and diffuse and does not contain clear-cut criteria for execution. They do not result in legal responsibility of officials for

failure to execute these laws, and it is not reinforced by the corresponding norms of administrative and criminal law either. As a result, these articles remain good but fruitless wishes of the legislator. For example, Article 67 of the Law on Public Education of the Latvian SSR says: "The scientific research work of students is one of the most important means of improving the quality of the training and education of specialists with a higher education who are capable of creatively applying in practical activity the latest achievements of science, technology and culture. Scientific research work of students is organized in faculties, in scientific research institutes, and in student design bureaus of higher educational institutes under a policy established by legislation." Would it be possible on the basis of such a diffusely formulated article to instigate proceedings against the rector of a VUZ in which only a few students are engaged in scientific research work?

Another example. A person applies for a patent for sewing trousers. They ask him to bring a certificate saying that the consumer service administration does not object. But, fearing competition, it refuses under some noble pretext. According to the Law on Individual Labor Activity, a citizen can appeal a rejection of a patent to the soviet of people's deputies. But the law has closed off the path to the court for him. But yet the administration is under the jurisdiction of this soviet! The circle is closed.

A competitive policy for developing texts of draft laws would have to improve the quality of laws that are adopted. Today, as a rule, they are created by departmental commissions. But as is shown by the experience of discussing the draft of the Law on the State Enterprise (Association), the departments are not in a position to reject the stereotypes of old thinking and they strive to carry over into new legislation the features of the old economic mechanism. Progressive variants of draft laws proposed by scholars with initiatives most frequently perish within the walls of the departments. It is possible to find a radical solution to this problem only by eliminating their monopoly on the development of draft laws. It is necessary to give groups with initiative the opportunity to publish competing variants of texts of draft laws, say, in an appendix to *Izvestiya*. Professional discussion of their merits and shortcomings could also be carried on there. This will help deputies of the USSR Supreme Soviet to bring up at the session the best variant of the text and additions to it.

How do we avoid adopting laws that are ineffective or contradict the Constitution and existing legislation? For no other agency has the right to abolish or nullify laws adopted by the highest representative agency. Only a sovereign people during the course of elections or a referendum can point out to the Supreme Soviet the error of the decisions it has made. It would be expedient for the highest constitutional supervision to be entrusted to the Supreme Court and the procurator general (incidentally, this is what was done in the USSR before



1939). They would be obliged to give the Supreme Soviet conclusions about whether the draft laws under discussion are in keeping with the Constitution and existing legislation, and also draw attention to the false or anti-constitutional nature of certain laws that are in effect. The conclusions of the Supreme Court and the procurator general should be open, that is, they must be published in the press for general information. In particular cases these conclusions could serve as a basis for a nationwide referendum concerning a draft law.

Socioeconomic problems "from below" are sometimes much more clearly visible. Therefore prompt adoption of crucial laws that meet the demands of the development of the society would be promoted by granting the right to legislative initiative in the supreme soviets of the USSR and union republics to the oblast soviets and territorial associations of enterprises (chambers of commerce).

Making the higher representative agencies much more active in creating norms will also make it possible to utilize the institutions of direct democracy. In the political report of the CPSU Central Committee to the 27th Party Congress it is noted: "Our Constitution envisions conducting nationwide discussion and voting on large issues in the country's life and drafts of decisions of local soviets. It is necessary to accelerate the preparation of a law concerning this very important issue. We should also take better advantage of such reliable channels of development of direct democracy as meetings of citizens, mandates from the voters, letters from the workers, the press, radio, television, and all means of revealing public opinion and efficiently and sensitively responding to the demands and moods of the masses."

Today institutions of direct democracy are most fully in effect in the Swiss Confederation (the right to popular legislative initiative and referendum): a particular number of citizens set by the Constitution can raise the question of publishing a law or making corrections and additions to existing legislation or including a draft law or any normative act in effect on a nationwide referendum. The Swiss Constitution establishes that a year after the submission of a petition to hold a referendum the existing law is no longer in effect unless it gains approval through the results of the referendum.

Granting Soviet citizens the right to popular legislative initiative and referendum would sharply increase the activity of the deputies. Under pressure of initiative "from below," they would no longer be able to remain satisfied with existing production and other social relations. Such a radical measure would make it possible for the working class, in the words of F. Engels, "to protect itself against its deputies and bureaucrats."<sup>3</sup>

#### **Harnessing the Flood of Instructions**

Complaints from executives about the limitation of their independence by various instructions, provisions, and orders have now become commonplace. Semilegal normative acts are still the main source of civic and legal

norms. Adopted by various ministries and departments without the proper comprehensive discussion and representative agencies and in the press, they sometimes stand in contradiction to the laws, narrow the rights of citizens and organizations, and restrict their activity with trivial regulations.

One is struck by the large number of departmental acts. Interbranch acts and those that are in effect for all citizens and organizations number in the tens of thousands. The scientific center for legal information under the All-Union Scientific Research Institute of Soviet Legislation was unable to take stock of the acts in effect not so much because of their large number as because the departments are afraid of publicity about acts that are archaic, that pursue departmental interests, or are simply against the law.

The procurator's office checks on the legality of departmental acts. But today it leaves something to be desired. A clear example: in instructions for replacing television sets that require the consumer when he discovers the defect to go to the warranty shop several times stands in contradiction to Article 41 of the Fundamentals of Civil Legislation of the USSR, but it has evoked no protest from the procurator.

The situation is exacerbated by the fact that the procurator does not check to make sure that departmental acts do not contradict one another or decrees of the USSR Council of Ministers. Citizens and executives are left one on one with the department. Thus according to instructions of the Gossnab, local soviets have no limits on materials and equipment for the repair of schools although according to instructions of the Ministry of Finance, funds are envisioned for these purposes in the budgets. Another example: according to instructions of the USSR Gosplan fines can be imposed on enterprises that consume gas if they have overexpended it for 7 days, but this restriction does not extend to municipal service enterprises. And the Gossnab and the Gosarbitrazh have approved rules that require that all consumers each day observe the established norms for the expenditure of gas regardless of the savings they have achieved or the existence of reserves of the gas workers. As a result in certain oblasts when the temperature drops and the demand for gas increases they have begun to halt plants, factories, and communal enterprises.

Now the sphere of supervision of the general procurator and the procurators under his jurisdiction does not encompass normative acts published by the USSR Council of Ministers, the supreme soviets, or the councils of ministers of the union republics. But the need for this supervision is obvious. The USSR Supreme Soviet as the highest representative agency grants the general procurator and procurators under his jurisdiction their own authority for carrying out high-level monitoring for precise and uniform execution of the laws. Consequently, the decrees of the USSR Council of Ministers, and the councils of ministers and supreme soviets of the union

republics, in its decrees of agencies under the control of the USSR Supreme Soviet, should be subject to monitoring by the general procurator. This is also shown by practical experience: up until 1932, as long as there was constitutional and general supervision of the activity of central agencies, the acts that were protested included not only acts from people's commissariats and departments of the USSR, but also decrees of the union government, the central executive committees and soviets of people's commissars of the union republics.

But is it expedient to entrust constitutional and general supervision of the activity of central agencies to a single person? Would it not be better if the authority of the general procurator were shared with the supreme court as was the case before 1929? In any case, the first chairman of the USSR Supreme Court, A. N. Vinokurov, saw advantages in this approach since the Supreme Court resolves its cases collegially, and more carefully and comprehensively.<sup>4</sup> Poland took a similar path, granting the recently created constitutional tribunal authority for constitutional supervision over the activity of central executive agencies and departments.

There have been proposals in the press to regulate semilegal normative acts: to consider as effective acts only those which have been recorded under the established policy and published in an official publication. There is no doubt that this measure will increase the effectiveness of procurator supervision of procurator supervision and will make it possible to restrict the flood of instructions. But, in our opinion, the problem can be solved radically only by the creation, along with the state (procurator) supervision of the legality of departmental acts, public supervision to augment it (and even compete with it).

It is time to give citizens, enterprises and public organizations the opportunity to defend their rights and social interests not only with respect to specific individual cases, but also when an administrative agency has published a normative act that contradicts existing legislation or has violated procedural norms or has not given attention to essential evidence. Then the labor collective council, the elected director or the rank-and-file but active worker can be able to initiate court proceedings even against the minister of finance who has issued the instructions according to which the enterprise is illegally deprived of some of its cost-accounting income. And the citizen who is prohibited by the state automotive inspection to take his potatoes to the markets of a neighboring oblast can dispute the decision of the oblistpolkom and protect not only his private rights, but also the interests of all rural residents. Naturally, this kind of public monitoring of the legality and noncontradictoriness of semilegal normative acts will produce the expected effect only if the court does not limit itself to abolishing the illegal act, but assigns the appropriate punishment to the officials. And the activity of general procurator supervision will increase if wages are indirectly proportional to the number of suits won in court by citizens petitioning to abolish illegal normative acts.

The draft of a normative act is heard....

Many negative phenomena in economic life are brought about, in our opinion, by the fact that semilegal normative acts that are vitally important for the society are adopted by a narrow group of workers of one administrative agency or another without proper discussion or debate by parties defending various points of view. Therefore it is extremely important to determine the authority of administrative agencies to publish normative acts and to envision procedural guarantees, which would preclude the adoption of insufficiently substantiated acts and would allow citizens and organizations affected by these acts to defend their legitimate interests and oppose possible administrative arbitrariness. In our opinion, the administrative-procedural code should regulate the procedure for the publication of semilegal normative acts.

The experience of countries with developed administrative-procedural legislation helps to formulate the basic requirements for the process of administrative creation of norms. In the preamble of a published normative act there must be reference to the delegating law and exhaustive substantiation of the need to publish the given act. Administrative agencies must be notified of the beginning of the development ahead of time (with the exception of special cases stipulated by the law). With the participation of involved parties, one should organize a preparatory committee or preparatory conference. Official public hearing of the draft of the normative act at which any interested party or representative of an interested organization can speak, should be open (closed in cases envisioned by the law). At it the administrative agency submits significant evidence of the need to adopt the act; the evidence and objections of the opponents must be registered in the minutes. It must be stipulated that it will not go into force at once so that it will be possible to protest the act in court, with the exception of cases stipulated by the law. The text of the normative act must necessarily be published in an official publication and then included in an updated collection of normative acts; at the same time it is necessary to list the normative acts that are no longer in effect as a result of the publication of the new one.

The right of initiative in publishing administrative normative acts should be expanded as compared to the right of legislative initiative. The right to apply to ministries, departments, and local soviets of people's deputies to announce the need to adopt a normative act should be granted both to representatives of public and economic organizations and to individual citizens who have gathered the number of signatures established by law. In these cases the law should make it incumbent on the administrative agency to hold a preliminary open hearing concerning the application and, if the expediency of the publication of the normative act has been established, to begin the administrative procedure for creating a norm.

Unless the public is given real rights both in creating norms and in fighting for unwavering observance of socialist law and order, in our opinion, it will be impossible to overcome the bureaucratic perversions that impede the development of the society. Making public opinion more active and transforming it into an effective creative force constitutes the main path for the development of socialist democracy.

#### Footnotes

1. Marx, K. and Engels, F., "Soch." [Works], Vol 34, p 103.
2. V. I. Lenin, "Poln. Sobr. Soch." [Complete Collected Works], Vol 6, p 206.
3. Marx, K. and Engels, F., "Soch.," Vol 22, p 199.
4. Kuritsyn, V. N., "Stanovleniye sotsialisticheskoy zakonnosti" [The Establishment of Socialist Legality], Moscow, Nauka, 1983.

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#### Progress of Brigade Contract Related

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[Article by V. N. Zadorozhnyy, doctor of economic sciences, Institute of Economics of the Ural Branch of the USSR Academy of Sciences (Sverdlovsk) and I. M. Vlasenko, enterprise director for extraction of lime (Krasnokamensk): "The Brigade Movement: Experience, Problems, Solutions"]

#### [Text] Haste and Necessary Conditions

The reason for many of the steps that were destructive to brigade organization of labor (BOT) was haste in the organization of the brigades. Experience convinces us that without studying the real state of affairs and creating certain conditions for the functioning of BOT brigades it is impossible to produce a significant economic and social effect. Changing the workers over to collective forms of organization and payment for labor should be done not in one fell swoop throughout the shop, but gradually, after studying the conditions for activity and the ties outside the collective and within the collective.

In what follows we shall repeatedly speak about the correspondence between the characteristics of specific brigades and modern requirements. Therefore it seems expedient to discuss more specifically what we mean by this concept.

It is known that brigade organization of labor has been used previously as well. Collective forms of labor are applied primarily in sections and jobs whose nature (technology, equipment, other production-technical and organizational conditions) requires simultaneous group participation of workers in the production process. But in the brigades that are being formally created now, as in the ones that existed previously, collectivism in labor is frequently limited and narrowed—within the framework of the brigade assignment each member of the brigade performs his work and receives his earnings.

But the essence of modern organization of collective labor and its stimulation consists in providing the greatest opportunities for each member of the collective to master and perform various kinds of labor functions (in terms of operations and occupations) and in providing for interreplaceability and comradely mutual assistance among workers within the brigade. The introduction of collective forms of labor means more than just changes in the brigade itself. It also means serious changes in operational and economic planning in the shop and plant, as well as changes in the technical and material preparation and service for production. In other words, the introduction of modern forms of collective labor means primarily the creation of multifaceted conditions that are necessary for extensive development and more complete utilization of collective factors in labor activity so as to achieve high economic and social results.

One of the typical features of modern brigades is the fact that each member of them performs a part of the total assignment of the entire collective and masters other occupations or operations, thus surmounting the narrow framework of occupational and operational division of labor. His wages depend on the overall results of the labor and his personal contribution to their achievement. Without laying claim to completeness in our presentation of the concept of the modern brigade, let us emphasize that the development of the standard conceptual basis of the modern brigade is constantly attracting the attention of researchers and organizers of the brigade movement. And it (the concept) has already been created with respect to many characteristics. True, with further development of the movement, practice and research will open up new horizons. It is precisely for this reason that the idea of brigades that meet modern requirements in the limits of our knowledge of the object of research and transformations are mobile and cannot be otherwise. And each generation of participants in the brigade movement has made and will continue to make its own refinements and to reveal new characteristic features and parameters that define it.

In our opinion, the characteristics of the new type of brigade stand out most clearly through the prism of the necessary and sufficient conditions for their successful functioning and development. The following three conditions seem most important to us: production-technical, organizational-economic, and sociopsychological.

The most successful production-technical conditions for the work of brigades are created by object specialization, that is, the organization of the technological process handled by a comprehensive brigade whereby the work brigades perform a complete production cycle, from startup to the prepared product, or when the brigade provides for the output of a particular part of the prepared product.

But not all brigades can (or should) be comprehensive, the reader will say, and he will be right. In our opinion, a specialized brigade can also meet modern requirements if the volume of work makes it possible to utilize workers of a single occupation effectively and completely.

What kind of brigade is preferable—shift or multishift?—you will ask. In our opinion, the multishift brigade is preferable in continuous production. Or if the duration of the cycle for processing an item (the time for the performance of a particular job) exceeds the length of a shift. Or when expenditures on the so-called preparatory and finishing up time involved with transferring semimanufactured products or readjusting equipment are great. In all other cases the shift brigade is expedient.

The organizational-economic conditions for the successful work of brigades mean primarily the possibility of planning and taking into account the final result of the labor. It is important for long-range (annual, quarterly) and monthly plans of the brigades to be developed with respect to indicators that basically coincide with the indicators of the shop (section) or make them more detailed. Another necessary condition is for the numerical and occupational-skill composition of the brigade to correspond to the volume and skills required for the work entrusted to it.

There is no doubt that the modern brigade should be on cost accounting. And this means that it is given norms and expenditures are planned and taken into account correspondingly—actual and normative ones. But this is not enough. There is a system of material responsibility in effect in the form of cost accounting complaints among brigades and between brigades and functional services of the shop or enterprise. As concerns the organization of wages, for the modern brigade it is difficult to have a single order and distribution of collective earnings or part of them taking the KTU [coefficient of labor participation] into account.

When it comes to the third indispensable condition for success of the brigade movement, it consists in the sociopsychological readiness of people for collective work and is expressed in mutual understanding, mutual assistance, and a lack of conflicts. For modern brigades it is also typical to have a stronger feeling of being an owner, both for the entire collective and for each worker. This is significantly affected by glasnost and democratization of management. The participation of individual

workers in the activity of the council and other social formations of the brigade or shop, as a rule, are given a positive evaluation by the collective of the brigade.

The conditions presented above are necessary for successful development of the brigade movement. And if these conditions have not yet been created, in our opinion, one should not be in a hurry to form brigades. We must remember that these conditions are necessary, but not adequate. The diversity of concrete forms of organization of production and the personnel of each concrete collective may not take into account any list of conditions or system for organizing the collective. The organizers of the brigade movement must necessarily strive not to follow a system blindly, but to apply it creatively under creative conditions.

And another thing. To what extent do existing brigades meet the requirements placed on the new type of brigade, what is the social and economic effectiveness of their activity, and is it possible to evaluate them regularly (for example, twice during a five-year plan) and certify them. This year the first such certification of brigades will be conducted at enterprises of Belorussia and the Urals. But so far we most frequently encounter haste in the introduction of the BOT.

At one enterprise in the shop for producing sulfuric acid the question of preparatory work before introducing the BOT was hardly raised at all. The technological line had always been run by workers who were separated according to shifts. And the brigades were created according to shifts, as they had been working for many years. A new form of organization and payment for labor was boldly imposed on the one that had taken form over the years. Naturally, they did not coincide everywhere, and the new form began to produce problems. But it was not the new form of labor organization that was to blame. The conditions for its successful functioning had not been provided. It was difficult to account for the final result of the labor of the brigades because of the unreliability of the instruments for accounting, and the accounting for the expenditures of iron pyrites, water and other material resources was not provided because of the lack of preparedness of the weighing equipment and the same instrument accounting. Expenditures of electric energy for technological and other purposes are taken into account only for the shop as a whole and not separately for each brigade. The transfer of workers from one shift to another is difficult (for now they are different brigades).

Moreover, the collectives have developed a desire at the end of each shift to "ring out" the largest possible amount of prepared products in each section, and this has caused deviations from the optimal parameters of the technical conditions of the next shift. And some of the shift had to be spent reaching the optimal conditions, and then the time had already come to prepare for turning the shift over and turning out its final product. By joining the shifts into a single multishift brigade,

some of the aforementioned problems were solved, but new problems appeared. The workers of one shift do not see how the other members of the brigade are working, and they cannot help anybody or have an influence on anybody, even if this is necessary. So here they became convinced that one cannot unjustifiably break up a single collective that is engaged in a production process just as one cannot develop megalomania when creating brigades and cross the boundary beyond which they become less possible to control. Therefore the organizers of brigades should constantly keep within their field of vision the production-technical conditions for the functioning of brigades and create everything necessary for the production-technical autonomy of the collective.

Providing for the sociopsychological readiness of people for collective work and incentives from the results of collective labor is one of the complicated issues of the brigade movement. For a change in the existing organization of payments for labor is always a small revolution for those whom it affects. In a brigade, as a rule, people are leery of innovations in wages since many years of previous experience show that the administration almost always "under the guise" of an innovation has stiffened the norms and cut the rates.

Therefore everything new in collective organization and payment for labor should be shown to the brigade and revealed in all of its details. The expediency of the new, if the organizers of the introduction are able to show it and if people in the brigade believe it, will enable them (the brigade and the organizers) to work "on one team" and prevent many conflicts. But there is one fine point here: in order to convince the brigade the administrator himself must be convinced. He must be able to break down the shortcomings of the existing organization and see how the new organization of labor and payment will eliminate them.

In our practice (the authors of this article have participated in the introduction of BOT and the investigation of its problems) there have been several positive examples of lengthy preparatory work before the organization of brigades. In an automotive enterprise that shifts rock from the mine in BelAZ's the organization of labor was initially in crews. At first glance it seemed the only possible way here since the accounting for the results of the labor was reliable and the workers provided for the care and servicing of "their own" vehicles. But in the case we are discussing, the repair service began to do a worse job with its tasks. More and more frequently the drivers were enlisted to repair "their own" vehicles even though at that time the vehicles of other crews were free. But the established policy of working only with "their own" dump trucks make it impossible to do anything else. And this was also a justified measure since temporary operation of "another's" vehicle, as experience shows, involved unsatisfactory servicing of it, breakdowns, and so forth.

The automotive enterprise began to fail to meet its plans. It reached a point where they changed management. Among the new managers was an enthusiast of collective forms of labor. An aktiv formed around him. By conducting time and motion studies they became convinced that the reason for the losses of working time for the drivers (which had reached almost 35 percent) was the crew organization of labor. There was only one solution—to create brigades of several crews so that the drivers would be concerned not only about "my own" vehicle, but about several of "our" vehicles. Then—this is more than 10 years ago—the organizers of the brigades were stuck with all the problems of collective organization and payment for labor and it was more difficult to solve them than it is now when each branch and each enterprise has developed methodological instructions and recommendations. One cannot say that the restructuring took place easily and smoothly. One thing was noticeable—the involved participation in the brigades who felt the expediency of the new possibilities of solving the problems that arose. The new organization of labor made it possible to manipulate the driver personnel, the repair of the vehicles took place almost without detriment to the fulfillment of the brigade plan, and the participation of the drivers in the repair of the vehicles took place almost without detriment to the fulfillment of the brigade plan and without a reduction of their wages. The brigade became more organized and began to fulfill the plan more confidently. They began to earn more money. The preparation and restructuring of the organization and payment for labor took more than a half year.

Let us discuss another example. The occupation of yardmen is not prestigious here. Usually few people wish to perform this work because of the low wages, and everybody sees them. As a rule, it is mainly people who have been fired from enterprises for various kinds of violations who take this work. This is the way it all was in a housing-municipal administration we know of. Here they decided to change the situation and give the brigades yardmen under contract for a section of city territory. The brigade was given the right to use the entire wage fund which was determined according to service norms regardless of how many people it took to do the necessary work. Only it had to be done well. The work of yardmen which had been individual in the past became collective. The first brigade was not formed immediately and not without misgivings. After it had been working for several months brigades were created in four other microrayons on the initiative of the workers. Four years passed. Now about 140 people are working in 12 brigades in the housing-municipal administration. The sanitary condition of the microrayons is practically exemplary.

Collective organization here became not only customary, but even, in the opinion of members of the brigades, the only possible form. The wages of the yardmen increased 1.5-fold during this time and labor productivity almost doubled. The turnover of this category of workers has dropped from 23.5 percent at the beginning of the

restructuring to 3.7 percent. The administration of the housing-municipal administration has practically no problems with staffing brigades any more. This is the concern of the brigade leaders.

### **But Are the Brigade Leaders Prepared for Restructuring?**

The law on labor collectives and decrees of the CPSU Central Committee, the USSR Council of Ministers, and the AUCCTU concerning further development and increased effectiveness of brigade labor in industry have granted extensive authority to production brigades. Here, for example, is one line. In the law on labor collectives the basic authority of the production brigade is stipulated by a separate article (Article 18). There are no similar legislative provisions concerning collectives of shops and sections. It seems to us that in many cases the rights have turned out to be more extensive than the brigades and brigade leaders are capable of using. They go beyond the framework of what the foremen, section chiefs, and other line managers want to turn over to them. And in this latter (position of line managers) we see one of the main reasons for many of today's shortcomings in the brigade movement.

The brigade leader becomes the central figure in the brigade. He should be part technologist, part organizer and part norm setter or, as they say in a well-known expression, a "jack of all trades." We do not have many brigade leaders capable of this new role.

This gap can be eliminated by organizing active training of brigade leaders and organizing a reserve of them both in the training class and in production. A broad network of institutes for increasing qualifications and branches of these institutes created in each department could exert a marked influence on this preparation. But today the system of institutions for increasing qualifications trains only about 5 percent of the brigade leaders each year and many simply have to wait their turn. In production they frequently organize the training of brigade leaders through their own forces in shops, but this produces an insignificant effect since at many enterprises the "teachers" themselves are not convinced of what they are trying to teach the brigade leaders. Sociological services are poorly developed. Therefore the brigade leaders in their classes do not receive answers to the main problems that bother them as leaders of local labor collectives of a new quality, and they avoid this training under any pretext. Analysis shows that attendance in classes at individual enterprises does not exceed 40 percent. And if one adds the fact that at these enterprises every fourth brigade leader has been replaced during the five-year plan, it is not difficult to give an objective evaluation to the organizational preparation of brigade leaders for their new role. It should be stipulated that there is also advanced experience in this work. Thus at individual enterprises of the city of Barnaul the training of brigade leaders is thorough and ends by awarding them the "diploma of a brigade leader." But this experience is so

far not being spread very much and therefore, as they say, it is not making a wave in the overall organization of the preparation of brigade leaders for their new role.

Where is the solution? We need radical changes in the policy for training brigade leaders at enterprises. Specialists who have gone through basic training in institutes for increasing qualifications should take charge of this. But so far, we must admit, many engineering and technical workers who think that this does not require careful preparation are boldly taking on the training of brigade leaders. In their opinion, everything is simple and clear in the brigade movement. Because of their limited and inadequate knowledge, these engineer-teachers in their classes avoid the "sharp corners" of managing the housing of collectives and rarely create an atmosphere of candid discussion and collective consideration of situations which bother the brigade leaders most of all.

In our opinion, the training of brigade leaders and their reserves should be conducted continuously, in cycles. First they should be trained for 2-3 days with leave from production and be given assignments for the next independent training for 1-1.5 months. The next cycle begins with discussion of the homework. Two or three cycles of this kind of training each year could produce the necessary and sufficient minimum of knowledge for brigade leaders. At one of the enterprises training according to this system was conducted for 2 years and even now the brigade leaders recall this training favorably. In our opinion, it is also necessary to conduct certification of brigade leaders for the right to lead collectives of workers, and this should be done no less frequently than twice every five-year plan. It is necessary to prepare good training material for the schools of brigade leaders and produce collections of their advanced experience.

From our personal observations we know that the principles and conditions for successful functioning of brigades are not well-known not only by many brigade leaders, but frequently by management and engineering and technical personnel. They do not learn this in the VUZes. Practice has prepared far from everyone for the role of the leader of modern collectives.

Returning to the role of institutes for increasing qualifications, one can say that they are partially filling in this gap in their knowledge. But the level of instruction, as we know from our personal experience, in the institutes for increasing qualifications is still low, and so few hours are devoted to the study of these issues that the classes frequently amount to simply an exchange of experience. Instead of fundamental mastery of the scientific fundamentals of management of a production collective, they receive a light collection of opinions and experience of other students. As a result, even those who have gone through the course of training rarely manage to note changes in the attitude toward BOT. Many of them, as before, are little concerned about the creation of the necessary conditions for the brigade movement. They

might not even "notice" naturally arising favorable conditions and not take advantage of them to introduce modern methods of the BOT.

A brigade of bulldozer operators in a large sulfuric acid production provides service for the iron pyrite warehouses. The main thing in its work is regular delivery of raw material to production and also the unloading and storing of it. The working conditions here are favorable for the BOT: there are no difficulties in determining the indicator of the final result of their work (since it "accrues" and is determined by the very technology of production), and there are no significant fluctuations in loading because of factors beyond the control of the brigade. It was quite possible to change the brigades of bulldozer operators over to the contract and stimulate interest in performing the work with fewer personnel. But up to this point the main measurement of work in the brigade is the number of machine hours put in by the bulldozer operators under the contract. This reflects the time the machine operators put in at work but not the work they perform. Here, in my opinion, is an example of how it is possible to pass by an objective effective solution. This would not have happened if the managers of the automotive enterprise had been well-oriented in modern methods of BOT.

#### How To Get Away From Formalism

A great deal of harm is caused to the brigade movement by formalism on the part of organizers of the introduction. Let us just discuss reporting.

The report form contains quantitative data concerning the brigades, including those working for the final result, and also cost-accounting brigades, which are working for the KTU, and so forth. Thus we have joined together data concerning the old and new forms of brigade organization of labor. That which should be introduced is mixed up with that which should be eliminated. And this kind of "mixed" reporting works from above to below, weakening certain parties with what has been achieved and thus impeding a sober evaluation of the level of brigadization.

On the whole the discipline of reporting is a very important matter and we are in favor of it. But executive discipline in reporting on such a complex process is not yet at a very high level, and what is desired is frequently passed off as what is real. The adopted forms of reporting and the constantly growing assignments from higher agencies for spreading the brigade movement in some places prompt people to include also hastily organized brigades in the report "for appearances." This improves the report but it does not have an influence on the effectiveness of labor at the enterprise.

In our opinion, there is a current need for a radical change in reporting on the brigade movement. Reports should be made only for those brigades which meet the modern level of collective organization and payment for

labor and in which the restructuring has produced an economic and social effect. Only then will reporting discipline and executive discipline not diverge. In the creation of the necessary conditions for strengthening the position of each brigade as the master of production there are many words and few deeds. To determine the limits of responsibility of the brigade, and to give it the right to complete independence within a certain framework, in other words, to transform it into a full-fledged master of the production section—these constitute an indispensable condition and a mandatory result of the brigade movement. A proprietary attitude toward work is generated when there is a possibility not only of working but also of controlling production, when all the controls of the process of obtaining the final result of labor are in the hands of the brigade. But frequently it is not so simple to "turn over" all these controls to the brigade, and this is impeded by the fact that people are accustomed to the old way as well as by formalism in the brigade movement.

Here is a simple example from our practice. A brigade of builders concludes an agreement for the construction of a residential building. It would seem that everything is clear. You have an estimate, you have blueprints—get it started and get it built. When the project is completed the money is "in the kitty." But in reality? Successful work of the construction brigade requires the coordination of the actions of the services of production-technical batching, supply, transportation, and so forth. Let us say that they have solved these problems and created a comprehensive brigade, but other problems arise. For example, those having to do with payment for the labor of the collective for the month. After all, it takes several months to construct the facility, and sometimes even years. Everything is complicated by labor turnover, transfer to other projects, and so forth. In this situation the brigade is practically always in need of the support of services of the construction administration (trust), and this leads to a situation where the brigade leader, not always getting the necessary support, begins to "fight" for the interests of the brigade. Certain people, looking at such a brigade from the outside, consider it an "inconvenient" person who is making things difficult. Initially they ignore him, and then they "attach the label" of a zealot. The conflict between the brigade leader and the higher management are inevitable. And the victory is frequently on the side of formalism. A happy exception to the schema presented above is the fate of Hero of Socialist Labor N. I. Travkin, who is in charge of Trust No 18 of Mosoblsestroy. Having been quite recently the leader of a contract brigade, he was not afraid of conflicts with the management of the PMK [mobile mechanized column] and then, having become the leader of a contract PMK, he did not depart from his principles in the heated arguments with the management of the trust. The contract collective of Trust No 18 and the emergence of its leader are an inspiring example of victory over formalism in the brigade movement. There should be more victories like this!



The practice of the brigade movement at practically every large enterprise and in many organizations has generated examples of a nonformal, well-thought-out approach to the formation of brigades. If the changeover of the collectives to the new working conditions is well-prepared for and if all the questions that arise are dealt with on the spot, the brigade gets a stronger feeling of being the master of production and an awareness of the expediency of the new form of labor organization. In such brigades there is not even any thought of returning to the old way.

In the railroad section of a large enterprise, a brigade was organized consisting of workers employed in receiving railroad cars at the connecting station of the Ministry of Railways, their delivery to the enterprise's sidings, and the transfer of the processed cars back to the station of the Ministry of Railways. It turned out that it was not simply to determine the indicator that characterizes the final result of such a brigade's labor. The fact is that, as is the case everywhere in rail transportation, the evaluation of the collective of this shop was done in ton-kilometers and tons of cargo ships. But the brigade being discussed here had little effect on these measurements. It was not without a lot of argument that they recognized as the final result of the brigade's labor the number of cars processed and the idle time of the car for technical operations. On the basis of figures for the preceding 2 years they determined the normative for the payment for the labor of the brigade for one railroad car and established it for the five-year plan. They created clear-cut provisions concerning the distribution of the overall increase among the brigade teams and within each team, taking into account the results of the labor, the expansion of the service zone, and the work with fewer personnel. This made it possible to create in the brigade an atmosphere that contributed to working hard with involvement. During the period for testing the new principles of organization and payment for labor and after they were introduced the volumes of shipments increased by almost 12 percent, while the number of personnel in the brigade remained the same. They managed to perform the increased volume of work with five locomotives (and they should have more than six). Brigade members suggested that by combining individual operations they could perform them as a single unit, and this was stipulated in the system for payment for labor. With an increase in labor productivity of 11.6 percent, payment for labor increased by 9.6 percent. We asked brigade members whether it would not be better to return to the previous system of organization and payment for labor. Nobody was in favor of this.

One can see the remarkable strides taking place in the brigade from this example. At a TETs a brigade of bulldozer operators provided service for a cold storage facility: in the summer they formed the storage facility and in the winter they delivered coal there. It was time-rate work and it was difficult to account for. When changing over to the contract they began to consider the final result of the work of this brigade the quantity of

coal consumed by the TETs. The normatives for payment were different for the two seasons. Much changed during the first months of work under the new conditions. The brigade, which previously had always insisted on additional staffing up to its planned number, now no longer raised this question. The assignments were fulfilled with fewer personnel: with 27 people while the plan was for 32. In the brigade they think that it is necessary to plan and take into account expenditures on the repair of equipment as well. They think that material interests in reducing expenditures will help to relieve some of the mechanisms and will reduce expenditures on repair and maintenance of the fleet of equipment. For the brigade not only in words, but also in deed is becoming a thrifty master of the section of production entrusted to it.

Many of the brigades discussed above which are still operating successfully were organized with the participation of the authors of this article.

When speaking about positive examples and "successful" brigades, one also recalls "former" brigades. There are no statistical state about the number of brigades and collectives that were disbanded and rejected the application of the KTU in the distribution of wages, the replacements and transfers of brigade leaders, the refusal to accept the responsibilities of leaders of local collectives, or their release from these responsibilities at the request of the brigades. As a rule, people avoid speaking or writing about brigades that did not work out well. At the same time, it is precisely the study of these brigades that can bring information from which we can draw constructive recommendations for improving and increasing the effectiveness of the brigade movement through, as it were, evidence "of the opposite."

We have also had failures. One large comprehensive brigade in mining work included workers employed in preparing the hardening mixture, drivers of special cement mixer trucks who delivered this mixture to the loading funnels, and also workers who pour this mixture into the prepared space underground. The wage normative for 1 cubic meter was determined taking into account the labor expenditures throughout the entire chain of operations. It seemed to us that the simplicity and clarity of this system for payment for labor and its direct link with the final result would provide for unconditional interest in overfulfilling assignments. There was one impediment: the drivers and other workers belonged to different subdivisions of the same enterprise. This became the main barrier in organizing the work of the brigade, which was not surmounted, and the brigade was disbanded. On its basis they created three specialized brigades which are still working with modest results and have not yet overcome certain problems.

#### The Force of Habit

At enterprises we know of the KTU is applied by no more than 10 percent of the brigade. Why so few? In our opinion, certain members of the brigade are afraid of



bringing the results of their labor before a comrade's court and getting away from the evaluation of the foreman to which they are accustomed. Objections against the KTU are basically generated by desire to put off the introduction of the demanding evaluation of the labor of each by the labor collective.

In many places they still practice the custom of receiving not for the final results but for the work itself and not only the rate (salary), but also the bonus "which they have coming." The introduction of the KTU with such attitudes encounter such active resistance that it is no wonder that they are able to "substantiate" the rejection of the KTU.

When participating in the organization of training of brigade leaders we encountered such attitudes. The arguments advanced in favor of the KTU and against equalizing distribution of earnings in the brigade, which are intelligible and convincing from the standpoint of the instructor, found no response from the brigade leaders. And many asked: "If there is such a critical need for the KTU why is it still not becoming established in the brigades?" In one of the classes the instructor answered with another question: "And when you receive money from the cashier are you always convinced that you have earned it yourself?" The brigade leader who asked the question shrugged and fell silent. Other brigade leaders did not begin to participate in this discussion. They tacitly understood one another.

We agree with the opinion of Academician N. P. Fedorenko (*EKO*, 1984, No 12), who noted that sometimes there is an unspoken agreement among engineering and technical personnel who are not capable of organizing the continuous labor of the workers and workers who forgive the incompetence of their leader since the wages are at the "necessary" level. This also creates an obstacle to the introduction of the KTU.

Returning to the aforementioned example in which a comprehensive brigade for concrete pouring work was disbanded, let us emphasize that the second important reason why it was disbanded so rapidly was the system of wages to which the drivers of the concrete mixer trucks had become accustomed. They were paid for time in the contract—it did not make any difference whether they shipped concrete or stood around waiting for loading and unloading. The drivers did not wish to accept the new payment for labor in which the wages were received not for time but for each cubic meter of concrete that was delivered. The force of habit took the upper hand and after being disbanded the brigade returned to the old form of payment.

#### What Is the KTU?

From his first working day each worker knows: his category is what determines his material position, as a rule. The bonus also has an influence on his position. But the KTU is something new and unusual, and this is

frightening. But after a critical adaptation period, the person becomes persuaded that the KTU is an effective instrument for self-management of the brigade. It significantly increases the effectiveness of payment for labor. Of course it's true only if this instrument operates at full force.

When the aforementioned comprehensive brigade of railroad workers was organized they did not want to hear about the KTU. They said: "If they begin to apply the KTU, we will not agree to organize the brigade." We tried to persuade them and gave examples from the experience of collective related subdivisions, but to no avail. Then it was decided as an experiment to work 2 months under the new conditions. And the additional earnings the brigade received for working with fewer personnel were divided up in the presence of all members of the brigade. They organized a demonstration of statistics which reflected the actual amount of additional work performed by each member of the collective and the sum of additional earnings coming to each without the KTU and taking the KTU into account. After stormy discussion it was unanimously decided: they would apply the KTU.

The KTU is an extremely crucial instrument on the sociopsychological level: it hits the negligent "where it hurts"—because they cannot get a pat on the back for poor work! But the application of the KTU is not a simple matter. Everything is complicated even more by the fact that there are no clear-cut criteria for evaluating the contribution of each worker to the overall results.

In the brigade of truck drivers they decided to use the KTU to evaluate only productive work (cargo shipments), and they continued to pay for participation in repair brigades in the old way, that is, by the time rate. This seemed to be the only right way since the shipment of cargo was the final result of the labor of the brigade. The brigade had trucks with various amounts of mileage, but they paid no attention to this. And it turned out that the drivers of the new trucks spent more time on the line and their KTU was higher, as were, consequently, their earnings. And the repair of these trucks was not so labor-intensive. But the drivers of the worn-out trucks worked very hard on repair, and this took away more time from work which was not taken into account in their payment. And this, naturally, caused dissatisfaction with the KTU. But it was not the KTU that was to blame for the unfair wages, but the criteria and policy for determining it. In this case it will be quite justifiable from the very beginning to count the technical readiness of the truck to be a second final result of the labor of the brigade. This would have correspondingly changed the accounting and the evaluation of the labor contribution of each. And participation in repair work would no longer be work on the side and not a hindrance, but the same productive labor which should be both normed and evaluated according to the KTU.

They understood this too late in the automotive enterprise. Serious disagreements in the brigade led to a rejection of the KTU and the brigade was disbanded. To be sure, in the automotive enterprise they drew a conclusion from this sad experience and subsequently, when changing to other brigades over to the new conditions for wages, they began to use the KTU to evaluate participation both in the shipment of cargo and in repair work. The criterion for the KTU was the fulfillment of the normed shift assignment.

If one is to speak about the sociopsychological aspect of this matter, one must recognize that the definition of the contribution of each person to the final result of the brigade's labor is an emotionally tense and little-studied process.

In many brigades the KTU is determined at the end of the month from the results of the labor. In our opinion, it would be more correct to calculate the KTU every day—this would help to avoid formalism and imprecisions when determining the labor contribution. In our article entitled "Earnings According to Fairness" published previously in EKO,<sup>1</sup> we have already given arguments in favor of daily determination of the KTU. One can say that daily determination of the KTU takes more time. Yes, that is true. But it is worth doing. Precisely because the KTU is a sharp instrument in self-management of the brigade and, like everything sharp, we must learn to use it cautiously, although resolutely. And experience shows that this ability comes to the brigade leader and the brigade council if it is practiced not rarely—once a month—but systematically, every day. Daily determination of the KTU "removes" any arguments and dissatisfaction at the end of the month which arise because many people in the brigade have managed to forget by the end of the month the violations and accidents that took place at the beginning of the month. Although this system, of course, cannot exhaust all possibilities of situations of conflict in the brigade. For even the clearest "arithmetic" for determining the labor contribution cannot always regulate a person's behavior.

A brigade of lathe operators we know can serve as an example of searching for criteria and the policy for operational accounting for the labor contribution. In this brigade the KTU did not survive either with monthly or with daily accounting. The main reasons, as we later understood, were that there were still advantageous and disadvantageous jobs and that personal ability, skill and, consequently, output of each person were not taken into account. The varying advantage of jobs is smoothed out to some degree with BOT, but it is not fully eliminated and it is manifested in cases when people simply ignore it. At first it did not exist in the brigade of machine tool operators. Agitational and educational work that were not reinforced by the corresponding economic conditions produced no result. But when they changed over from accounting for deviations in the KTU per shift, as was shown above, to accounting for work performed during the shift and on the basis of this began to

determine the KTU, the situation changed. The amount of the KTU began to be determined to a considerable degree by the percentage of fulfillment of the output norms.

The reader might involuntarily ask the question: Did this brigade not return to the individual order? Before persuading him to the contrary, let us emphasize that fair incentives for each person under the conditions of collective labor is not a simple matter. On the one hand, collective labor is evaluated by a single contract and everyone is interested in its overall sum. On the other hand, not evaluating each person's contribution to the overall result of the brigade can generate a lack of confidence in the fairness of the incentives and a reduction of the intensiveness of labor, and this is the direct path to leveling everything out at a lower level. It would seem to be an insurmountable contradiction. At one pole of the resolution of this situation is individualism, which provides for scrupulous accounting for the results of the labor of each. At the other is equalizing (when there is a single order and work for a single end, but this does not take into account the contribution of each member of the collective). Neither one extreme nor the other corresponds to the BOT.

In our opinion, one should look for the solution somewhere between those two poles discussed above. Apparently, in the practice of accounting for and evaluating the personal contribution of each worker different solutions can be optimal in different brigades. And there is perhaps no reason to see in these divergences anything like a departure from the principles of BOT. For the highest criterion for improvement of the brigade movement should be the growth of the economic and social results of the activity of the brigades, and the strengthening of collectivism and fairness of incentives not in piece-rate, but in deeds.

The reasonableness of the not altogether traditional rules for evaluating the KTU in the brigade of lathe operators described above is confirmed by the fact that, in the first place, the accounting for the work performed by each machine tool operator was done not with the kind of scrupulousness one finds in the contract, but in a consolidated way. In the second place, at the end of the month the brigade council had the opportunity to adjust the coefficient of labor participation for machine tool operators, and the amount of the "adjustment" could be up to 20 percent. The justification for increasing the coefficient here could be the fulfillment of emergency, complicated, or less advantageous work. Patronage is also encouraged through the KTU (if an experienced worker is taken away from his machine tool to help a young one increase his output, and thus has improved the overall brigade result). The series production of parts that are manufactured and operations that are performed and also deviations from the average series level of parts in the brigade are also taken into account when determining the KTU. All this has contributed to a situation where productivity in the brigade has increased

by 11 percent during the past year. And it is very important that there was not a single conflict regarding the unfairness of the incentives.

The system for determining the KTU taking into account the individual output and adjusting it according to the general brigade results is justified mainly in brigades of machine tool operators. With this kind of evaluation of the contribution, neither the "aces" nor the "lathe tsars" lose their identity in the brigade.

In conclusion we should like to say the following. Communication with production leaders and brigade leaders convinces us that today a free and easy attitude toward the BOT is widespread. To many the BOT still seems to be simple and clear, but the characteristic features of the new type of brigade are diffuse and noncompulsory. It seems to us that the organization of the new type of brigade is a revolution in each local labor collective and sometimes not only in the local ones. And to simplify and reduce the principles of BOT and not provide all the necessary conditions means to deliberately follow the fashion and not look out for the effectiveness of production. And if we carry out a revolutionary restructuring of the organization of production, labor, management and incentives through evolutionary and gradual measures, there is no reason to expect an appreciable economic and social effect.

Expansion of the independence of production brigades and their active participation in distribution relations (primarily with the help of the KTU) corresponds fully to the party policy of combining centralized management with independence of production collectives. Thus the movement of workers for improving brigade labor (from below) is joined by measures for improving the economic mechanism (from above). And we should walk boldly along this path, creating brigades of the new type.

#### Footnote

1. Zadorozhnyy, V. N., "Earnings According to Fairness," *EKO*, No 12, 1986, pp 51-53.

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**Plans for Cost-Accounting Brigades Discussed**  
18200047c Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 12, Dec 87 pp 39-41

[Article by N. M. Bolshakov, candidate of technical sciences, Komy Laboratory of the NIIES of the USSR Gosstroy (Syktyvkar): "How To Help a Cost-Accounting Brigade Adopt a Difficult Plan"]

[Text] Further development of the economic mechanism for the brigade contract requires a changeover to planning for cost-accounting brigades expenditures on all

items of production cost and to payment for their labor not for the fulfillment of the established assignment, but according to the results of the work as a whole.

With brigade cost accounting expenditures included in the production cost can be divided into two groups: variable, the absolute amount of which changes along with changes in the volume of output but the proportional sum per unit of output remains the same; and constant, the absolute amount of which either does not change at all or the change does not correspond to the change in volume, but their proportional amount per unit of output decreases with an increase in output volume and increases when the volume decreases.

How does one separate the variable and constant parts of production outlays? Research on real economic conditions shows that practically each element of the production cost contains a particular part of the constant expenditures. Thus at the Syktyvkar Plant for large-panel housing construction, the constant expenditures which change in inverse proportion to the intensiveness of production, include up to 80-90 percent of the indirect expenditures and 25-40 percent of the expenditures on electric energy, industrial steam, compressed air, and wages for production workers along with payments in addition to them. In other words, there are significant reserves for reducing planned expenditures on the manufacture of products by cost-accounting brigades as a result of intensification of production.

In branches of material production, methods of comparing labor productivity rely on the relationship between the volume of industrial output and the time expended. In the general case, for example, with a three-shift schedule and the same number of shifts (the number of shifts during which the equipment is loaded) worked by the brigades (teams), the sum of all constant expenditures is transferred to each contract brigade in the same amount, that is, as a ratio of 1:3.

The correctness of the distribution of constant expenditures in proportion to the number of shifts during which the equipment is loaded is confirmed by the fact that the installed technological equipment and the shopwide and plantwide service of individual shifts are not distinguished from one another either qualitatively or quantitatively.

An example of the influence of our approach on the adoption of stepped-up plans by the brigades is given in the table.

Table 1. Example of the Influence of Economic Conditions on the Adoption of Stepped-Up Plans by Contract Brigades

Indicators	Total for Contract Brigades	Contract Brigades		
		V. Noskova	M. Martynets	A. Pankratova
Plan output volume for items and structures, m <sup>3</sup>	3700	1000	1200	1500
Actual output volume for items and structures, m <sup>3</sup>	4000	1170	1230	1600
Plan expenditures on the maintenance and operation of equipment, and shop expenditures (in conversion to actual output volume for items), rubles	40000	11700	12300	16000
Actual expenditures on the maintenance and operation of equipment, and shop expenditures, attributed to contract brigades by the new method (constant part), rubles	40000	13333.3	13333.3	13333.3
Result (from line 3 subtract line 4), rubles	0	-1633.3	-1033.3	+2666.7

From the table one can see that if the plans in the brigades of V. Noskov and M. Martynets are lowered and the expenditures of the brigades on comprehensive items are distributed according to the number of shifts (hours) during which the equipment is loaded, the savings decrease appreciably and the bonuses decrease correspondingly. Thus the desire of the brigades for effectiveness of labor grows into a difficult plan. Interest develops in increasing labor productivity, reducing planned expenditures, increasing the loading of equipment, and mobilizing reserves.

Here one must remember that the realization of the proposed mechanism requires stable (over 5 years) norms of expenditures on all items of production cost, and not just any norms, but only those which correspond to the aforementioned principles. In general form the normative of planned expenditures is determined as part of the planned calculations for the report data in the base period (the preceding year) as the quotient from dividing the actual expenditures for the shop minus nonproductive expenditures and losses by the volume of output of items achieved in this same shop. Of course stability does not mean unchangingness, but presupposes that the basic changes are planned over a 5-year period. In this case the contract brigades have the opportunity to prepare promptly and prepare the necessary organizational and technical measures.

What has been said is not speculative research. It has been brought to the point of methodological recommendations and has undergone practical verification at the Syktyvkar Plant of the Komityazhstroy Association of the USSR Ministry of Heavy Construction and has proved its usefulness. Suffice it to say that during the past 2 years of the 11th Five-Year Plan the output-capital ratio in industry of the Komy SSR as a whole has decreased by 10 percent and at the Syktyvkar Plant the output-capital ratio from equipment that is far from new has increased by almost 6 percent. The level of profitability was 22 percent while the normative was 12-15 percent. The quality and completeness of the items produced also increased.

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### Difficulties in Establishing Industrial Trade Associations

18200047d Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 12, Dec 87 pp 42-48

[Article by D. I. Astakhov, candidate of economic sciences, and A. R. Raduson, Northwestern Correspondence Polytechnical Institute (Leningrad): "Industrial Trade Association: Problems of Establishment"]

[Text] Today quantitative growth of production has receded into the background, giving way to improvement of quality and full accounting for the interests of the consumers. But the contradiction between the quantitative and qualitative indicators of light industry products has not yet been eliminated. One of the ways of resolving this problem is to create in light industry complexes that are based on principles of interbranch integration: industrial-trade associations. Their formation is envisioned by the decree of the CPSU Central Committee and the USSR Council of Ministers, "On Improving Planning and Economic Incentives and Improving Management of the Production of Consumer Goods in Light Industry." This is an industrial trade association of production and trade enterprises whose main source of income is revenues from retail product sales. Within the framework of such an association more favorable conditions should be formed for rapid change of the assortment of products under the influence of the demands of fashion. But, in spite of the advantages of these associations, they are being created very slowly since there are many unseen obstacles of departmental origin here.

The footwear industry has a certain amount of experience in solving these problems. Steps have been taken toward the creation of an industrial trade association in Leningrad, in the Skorokhod Production Association of the Footwear Industry.

The Skorokhod Association is one of the largest producers of footwear in the world. More than 35 million pair are produced here each year. Created back in 1882, it

satisfies a considerable proportion of the demand for footwear in the northwestern region of the RSFSR. Having carried out technical restructuring of the main factories during the first half of the 1970's and, on the basis of this, changing over to mass output of technically complicated footwear, Skorokhod soon felt that the level of work of the wholesale and retail trade units does not correspond to the changing market conditions. The shortage of footwear became a thing of the past and the problems of quality, fashion, and assortment moved to the foreground. The satisfaction of the needs of the population for footwear began to depend on taking market demands into account. Experience in working under these conditions was extremely limited both in light industry and in the wholesale and retail trade units. Moreover, one must say frankly that attempts to coordinate the interests of industry, wholesale trade, retail trade, and the consumer do not solve all the problems that arise.

In keeping with existing economic legislation trade has great rights in the area of forming the assortment. Its final coordination with respect to structure and quality takes place at wholesale trade fairs, but the joint decisions adopted from their results do not always correspond to the interests of the consumers.

The Skorokhod Association prepares for the wholesale trade fair throughout the entire year. Here they proceed from the idea that it is the production associations that should take the initiative in the market and determine the prospects for the development of commodity supply. Skorokhod has its own house of footwear fashions where it develops new models, displays them, and studies foreign models. According to the results of sales of experimental batches of footwear they hold meetings with designers and consumers, and they also circulate questionnaires. The association's tradition is systematic collection and accumulation of market information, on the basis of which they predict the patterns in the generation, development, and saturation of the demand for footwear over decades. They use summary information on the sale of footwear in the northwestern regional market and study the structure of the demand of the population which depends on the sex and age peculiarities of the region's population as well as natural-climatic, seasonal, and other factors. The result of all the work is the draft of a plan for wholesale trade in footwear that is calculated on a computer.

But frequently trade orders reflect the immediate economic situation with commodity supplies in the stores and at the bases, and then they refuse to accept the "surplus" footwear which was ordered and has already been produced.

But the correspondence between the supply and demand of footwear is provided not only during the course of trade transactions on the wholesale market. Well-arranged wholesale trade in footwear is the initial but certainly not the only condition for this.

It is important to transform the production assortment into the commercial assortment. The wholesale trade unit is responsible for the formation of the commercial assortment which on the counters of the store should be somewhat broader than the assortment of footwear coming from the conveyor at a given moment (mainly as a result of accumulation and gradual expenditure of supplies of footwear in wholesale trade).

To do this wholesale trade should handle the formation of commercial batches that are sent to retail trade in terms of color, sizes and ages, kinds of footwear, prices, and so forth. The wholesale trade batch is formed over a certain amount of time at the wholesale base since the footwear is produced mainly by the conveyor method and in large batches (10,000-100,000 pair) while the demand of an individual store amounts to an average of 50-100 pair of one batch. If wholesale trade creates commercial batches inefficiently the consumer will find mainly large black footwear in one store, red footwear of small sizes in another, and so forth. In this situation it is necessary to spend a lot of time finding the necessary pair of shoes. The indignation is aimed mainly at the footwear workers while wholesale and retail trade remain beyond criticism.

It is impossible to solve these problems without radical technical reequipment of warehouse and transportation operations at the bases and an increase in warehouse areas. Including the wholesale base as part of the production association will help to solve them.

The correspondence between supply and demand is affected by the work being conducted in retail trade for the formation of commodity assortment (the industrial and commercial assortment are varieties of this). A large share of the footwear sold in Leningrad comes from the Skorokhod conveyor. The main seller of footwear in the city is Lenobuvtorg whose system includes 48 specialized stores. The sizes of these stores and the number of workers in them are gradually beginning to contradict the steadily growing force of the tendency toward increasing the number of models produced and expanding the assortment of goods offered to the consumer. In a store of Lenobuvtorg a consumer is offered 200-300 models of footwear, and the Skorokhod Association alone produces an average of 750-800 models each year.

About 40 percent of the commodity turnover of shoestores in the city is produced by the sale of imported footwear. This stimulates improvement of the quality of Skorokhod footwear. At the same time this reduces the motivation of retail trade enterprises to influence the association in order to improve product quality and it affects the art of service of the customers. Moreover, in retail trade it is necessary to significantly improve the material and technical base, on the basis of which it is possible to improve trade service for the population.

One of the best variants of the solution to the aforementioned problems is the formation of the industrial trade association. Leningrad has the prerequisites for creating such an association on the basis of Skorokhod. The first step was taken in 1977 when a specialized firm store which trades only in footwear produced by the association was included as part of Skorokhod. At the end of 1980 the wholesale base previously belonging to Rosobuvtorg was included in the association.

Thus since 1981 Skorokhod has joined together experimental design, production, wholesale, and retail units. The first results of the work in this combination provide a basis for certain conclusions.

First of all, the quality of the footwear improved. The proportion of products with improved quality (with the index "N") doubled as compared to 1979. During this same period there was an increase in the proportion of first-grade footwear and footwear marked by the Emblem of Quality. The replacement of the assortment during 1981-1985 amounted to 70 percent. An annual average of about 600 new models of footwear and up to 15 new kinds are introduced during a year. Skorokhod's marked change in the direction of producing footwear that is in demand is also being noticed by specialists of wholesale bases. This tendency is reflected by the dynamics of fines paid by the association for complaints and the return of footwear. The sum of fines has decreased by 15 percent since 1970 while the output of products and wholesale prices has remained unchanged.

The appearance of trade subdivisions in Skorokhod has exerted a positive influence on its activity. Along with the inclusion of the initial wholesale base, there was an improvement in the compilation of production plans and the formation of the commercial assortment for retail trade. The base is now more closely involved with the interests of the association. It bears responsibility for wholesale sales of products of the association's Leningrad enterprises. The inclusion of the wholesale base in Skorokhod has been fully justified although the possibilities concealed in this solution have been far from utilized.

During this time the Skorokhod firm store has been transformed into a laboratory. There is a salon for studying the demand for footwear. The store's commodity turnover has increased by 26 percent since 1978 with practically the same number of personnel. At the same time the firm store sells only 1.3 percent of the association's products and does not exert a significant influence on its production and commercial activity. It is appropriate to recall that during the prerevolutionary period Skorokhod had a network of its own stores for selling fashion footwear. These stores were not only in the capital, but also in 12 other cities of the European part of Russia, and also abroad—in Germany.

The leadership of Skorokhod considers it possible to include 10-20 stores in the association both through transferring to it some of the stores of Lenobuvtorg and through constructing new stores in the city's shopping district.

The main prerequisite for creating a network of retail stores on the basis of Skorokhod is the fact that the association sells up to 40 percent of its footwear in Leningrad, satisfying the demand of the population by 40 percent.

In addition to Skorokhod's leading position in the city's footwear market, the significant increase in the sale of wholesale batches of products at contract prices also contributes to the expansion of the network of the firm stores. Since 1982 the volume of these sales has increased by a factor of 300 and it continues to grow rapidly. The sale of footwear at contract prices is conducted in many large specialized stores and sections of department stores. Five city stores maintained direct ties with Skorokhod. The expanding practice of utilizing contract prices by its very nature is appropriate for utilization in industrial trade associations.

When the industrial trade association is formed it is possible to determine the status of the trade subdivisions included in it. Today the wholesale base and the firm store, while being included in the Skorokhod Association and under the jurisdiction of its general director, keep independent books and have the rights of corporate bodies, and they also have dual jurisdiction. This creates impediments to coordinating the interests of the parties. Thus the association, having significant funds at its disposal, cannot conduct well-thought-out comprehensive mechanization of loading and unloading work at the base or acquire furniture for the footwear salon of the firm store. The impediments are increased many times over when the retail network expands. Therefore when creating industrial trade associations it is necessary to resolutely refrain from unnecessary independence of the units included in it.

The unification of the interests of all participants in the process of production and sales of light industry products promises an immense advantage for the consumers. But so far there have not been enough practical steps or experiments in this area. And without this it is difficult to work out the principles for creating associations.

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### **Oblast Market Conditions Described**

18200047e Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 12, Dec 87 pp 48-54

[Article by G. I. Yegorov, deputy chairman of the Sverdlovsk Oblplan, and A. M. Ilyshev, doctor of economic sciences, Kharkov State University imeni A. M. Gorkiy: "Reference Points of the Oblast's 'Market'"]

[Text] The CPSU Central Committee in the decree, "On the Initiative of Collectives of Leading Enterprises and Associations of Moscow and Sverdlovsk Oblast for Increasing the Production of Consumer Goods," approved drawing up regional programs for the development of the production of goods for the population. There is positive experience in coordinating the efforts of enterprises of union, republic, and local industry for producing goods for popular consumption in Leningrad Oblast, the Baltic area, Belorussia, and the Transcaucasus.

#### **From the Largest to the Smallest...**

Planning agencies do the large overall planning of the output of goods, that is, they break down the overall volume of these goods in terms of the most important branch groups. Therefore many enterprises produce items that are not of their branch profile (and on a nonoptimal scale). For example, about half of the industrial enterprises of Sverdlovsk Oblast manufactured goods that are not in their profile. And the enterprises are not very interested in improving the technical and economic indicators of these goods, considering them unpromising and trying to get rid of them.

The production of goods for cultural and domestic purposes is dispersed among enterprises. In Sverdlovsk Oblast there are about 600 enterprises that manufacture these goods which are under the jurisdiction of 64 ministries and departments.

In our opinion, it is necessary to develop consolidated plans for the production of goods for cultural and domestic purposes in the territorial-branch cross-section, clearly specifying the following branch groups of these goods: goods from the chemical and petrochemical industry; machine building; the timber, pulp and paper, and wood processing industry; and the glass and porcelain-pottery industry.

What will this do? It will be possible to determine in greater depth the needs and sources of satisfying them, to balance supply and demand more precisely, and to improve the commodity supply for retail trade.

An analysis of the branch grouping of cultural and domestic goods done in Sverdlovsk Oblast reveal that the greatest proportion of them are goods from the machine-building list (57 percent) and the list of the timber, wood-processing, and pulp and paper industry (16 percent). The contribution of the chemical and petrochemical industry was also significant (10 percent). The proportion of nonprofile goods in Sverdlovsk Oblast was highest for machine building enterprises (44 percent). Only 10 percent of the metal items (14 million rubles' worth) are manufactured at specialized metal-processing enterprises of local industry. And the largest share of metal items are produced by more than 100 enterprises of machine building, ferrous and nonferrous

metallurgy, and other branches. The overall output in each of them is not great, the organizational and technical level is low, and the items are frequently produced at a loss.

The consequences of the dispersion of the production of metal items are especially noticeable. About half of them are manufactured with a scale of output of up to 250,000 rubles. Almost one-fourth of the metal items are produced with little profit or at a loss. According to our calculations, the total losses resulting from the unprofitable production of metal items manufactured by enterprises of Sverdlovsk Oblast amount to more than 2 million rubles.

The main reason is the poor accounting by planning and economic workers for the fact of the existence in heavy industry of branches, subbranches, and productions of group "B." This leads to the organization of the output of similar goods by numerous enterprises of various ministries and departments.

It is necessary to concentrate the output of metal items in special relatively large, technically well-equipped shops of machine building and metallurgical enterprises, having improved the coordination of their work with specialized enterprises of local industry.

The introduction into the practice of planning and management of branch groupings of goods of their branch profile and, on the other hand, it increases the role of territorial planning and management. Local planning agencies and soviets of people's deputies can more specifically influence the production of profile goods.

An analysis of the indicators of specialization in the production of goods for cultural and domestic purposes in Sverdlovsk Oblast convinces us of the weak planning of specialization. For 7 out of the 8 branches of industry the share of goods, even those in their profile, either decreased during the 11th Five-Year Plan or remained the same.

#### **How To Satisfy the Local "Market"**

It is expedient to subdivide goods for the local "market" into goods of oblast significance and goods for the large economic region. For 244 kinds of metal items we tried to determine the composition of goods for the local "market" for Sverdlovsk Oblast. We took into account production factors (simplicity of design and technology of the manufacture of metal items, the utilization of special materials and equipment), consumer factors (the existence of mass demand and local peculiarities in consumption), and regional factors (the possibility of utilizing production wastes and local raw materials, the labor of homeworkers, pensioners, and students). Among the transportation factors we singled out the transportability of the products and the expediency of shipping them to other oblasts.



The determination of the list of goods for the local "market" can be used, first, for revealing items whose production planning and distribution can be expediently turned over to local planning agencies; second, when forming the list of products manufactured by local industry. The production capacities of heavy industry enterprises can be loaded with these goods. Moreover, it is possible to determine what must be imported and what must be produced locally.

Planning practice has not yet included oblast commodity balances which can be drawn up if one has a list of the goods for the local "market" and primary commercial documents—contractual rates.

In order to solve problems having to do with the development of the production of consumer goods in the sphere of services during 1986-2000, in Sverdlovsk Oblast they have drawn up such balances for 244 kinds of commercial metal items. An analysis of these showed that Sverdlovsk Oblast currently produces 101 of the 137 kinds of commercial metal items. And 26 kinds of goods are sold completely in the oblast.

Frequently it is justified to import commercial metal items for the local "market" from neighboring oblasts and autonomous republics of the Urals. Thus enterprises of Sverdlovsk Oblast manufacture 18,600 units of molds for baked goods, caramels, cakes, pastries, and jellies, and another 141,000 units of these uncomplicated and transportable items are shipped in from the Bashkir ASSR and Kurgand, Perm, and Chelyabinsk oblasts.

Sverdlovsk Oblast, in turn, satisfies part of the demand of other oblasts of the Urals, specializing in the output of frying pans, kitchen knives, boxes for storing vegetables and bread, and apartment mailboxes. But on the whole intraeconomic ties are inadequate: according to data of a consolidated estimate balance, the imports into the Ural economic region exceed the exports.

An analysis shows that 36 kinds of goods are not manufactured at all by industrial enterprises of Sverdlovsk Oblast and they have to be shipped in. Among them are such simple items as bars for keys, stairways for gardens, pitchforks, spading forks, chains for doors, flame diffusers, key rings, knitting needles and crochet hooks. Sprayers, choppers, cutters, and folding chairs, for example, are shipped over many thousands of kilometers to Sverdlovsk Oblast.

Yet the developed industry of the Central Urals is quite capable of providing the oblast with all kinds of commercial metal items for the local "market." Moreover, one should keep in mind that the capabilities of local industry alone are inadequate to saturate the "market" with high-quality goods. Large enterprises of the machine-building and metallurgical industry must continue in the future to expand their participation in the output not only of technically complicated, but also the simplest items in mass demand.

### Relying on One's Own Forces

But developments of commercial balances in the regional cross-section and also analysis of their indicators are inadequate. A planned balance of production, distribution, export and import of goods throughout the oblast would appreciably increase the scientific substantiation of territorial planning and would streamline the volume of output and commercial ties. The point of departure for drawing it up is the disclosure of the volume of sales of commodities for the future. It can be calculated by various methods and the results are completely compatible.

Calculations have shown that the sales volume of commercial metal items in Sverdlovsk Oblast can be expediently increased during the 12th Five-Year Plan by almost 30 percent (twice as much as what was suggested by industrial enterprises). The exports of these items should be increased by 22 percent and it would be expedient to reduce the imports into the oblast by 23 percent (including by 52 percent from distant economic regions).

As a result of streamlining its own consumption and commercial ties, it is possible to increase the supply of commercial metal items for Sverdlovsk Oblast from its own production from 51 percent in 1985 to 74 percent in 1990 (for goods of the local "market" these figures are from 56 percent to 88 percent, respectively).

A calculation of the economic effectiveness of capital investments required for the implementation of measures earmarked in the oblast planning balance showed their high effectiveness. The amount of the annual effect is 3.1 million rubles. Of the overall sum of the economic effect 89 percent is provided as a result of reducing production cost and 11 percent as a result of reducing transportation expenditures for the delivery of goods to the consumers.

Assigning the list of goods for the local "market" to local planning agencies will concentrate their efforts on more complete satisfaction of the needs of the population of any oblast for goods that are not planned centrally. These agencies have information for developing balances of the production and distribution of goods for the local "market" and can successfully coordinate the study of the demand for these goods by industry and trade. They have sufficient right to organize effective control over the fulfillment of plans for the production, delivery, and assimilation of new goods at manufacturing enterprises under union, republic, and local jurisdiction. Experience in this kind of control has been accumulated in Sverdlovsk Oblast. In doing this they use the "methodological instructions for summing up the results of the fulfillment of the target program for increasing the production, expanding the assortment, and improving the quality of consumer goods at enterprises of Sverdlovsk Oblast" which was developed at the Sverdlovsk Oblplan in



conjunction with the Institute of Economics of the Ural Branch of the USSR Academy of Sciences and the Sverdlovsk Institute of the National Economy.

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### **Problems in Agricultural Machine Building Revealed**

18200047f Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 12, Dec 87 pp 55-67

[Article by A. V. Chusov, head designer of plans for mechanization of farming, Experimental Design Bureau of the Kolos NPO (Omsk): "Knights With Their Hands Tied"; first paragraph EKO introduction]

[Text] Effective agriculture in the age of the scientific and technical revolution is unthinkable without new technical equipment and progressive technologies. In keeping with party decisions, technical reequipment of the branch is continuing. There is a difficult situation in the mechanization of farming: there are many old machines on the farms but they do not correspond to new technologies and modern conditions for agricultural production. And so far there are few new machines. How do we dispose of the existing potential more intelligently?

### **When the Rear Service Lines Are Cut Off**

At the end of 1984 we in the special design bureau of the Kolos NPO and the division of mechanization of the Siberian Scientific Research Institute of Agriculture were asked for advice by two authorized leaders, two heroes of socialist labor—the chairman of Oblselkhozkhimiya, V. D. Ozyumenko, and deputy chief of the oblast agricultural administration, A. M. Lavrinenko. For 1985 the oblast was allotted fertilizers for 1.1 million hectares planted in grain crops. We were asked which developments for applying fertilizers we could suggest for extensive introduction; there would be enough money and metal for manufacturing the items. For many years we had worked on parts for subsoil application of fertilizers, but our comrades left with nothing.

The situation, of course, is rare, especially when there are funds at the same time as there is a desire to introduce scientific development, but it is symptomatic and it is not the only one. As of today we would not be able to respond to many other requests from production. Moreover, much of our work on order from the division of mechanization of the Siberian Scientific Research Institute of Agriculture is of no interest to production workers, and a good deal of money is being spent on it.

It is understandable that the appeal from production workers to science for emergency help was brought about by a prolonged illness—the lack of highly productive machines produced by industry that agriculture needs. Thus for many years they have been following a course toward chemization of agriculture, but industry has not provided agriculture with all the technical equipment it needs. One of the reasons for this is that science does not give the designers clear-cut and substantiated orders. Let us take fertilizers again. First they order a machine for screen application at a depth of 20-25 centimeters and then they say that they want band application and to a depth of 12-14 centimeters. And, after all, quite different machines are needed for these two procedures. Many years and much money were spent on creating the KPG-2.2 fertilizer applicator. Today there are many of them on the farms but they are not used. The technology is wrong and the productivity is not good enough.

Do not think that this statement is merely a harsh "igniter" for conversation. The situation with technical support for intensive industrial technologies is indeed strained.

The country's industry has been given the task of creating qualitatively new technical equipment and also modernizing machines that are already produced. And there is no doubt that this task will be carried out. But analysis of past experience and the immense scale of the country's agricultural production make it impossible to expect that agricultural machine building will be able to provide us right away with all the necessary machines in a sufficient quantity. This is a long process which requires large material and labor expenditures. It is obvious that the basic volume of agricultural products should be obtained with existing technical equipment under the 12th Five-Year Plan.

Let us consider our possible actions as of today, how and what the farmer has to work with, and how one can help. An important area here is improving the utilization of the machine and tractor fleet and an extension of the time periods of the service of agricultural equipment.

In the existing situation, when it is necessary to work according to new technologies with old equipment, a good example is provided by advanced science and practice. Let us take three places that are known today: Astrakhan, Tyumen and Kemorovo. In Astrakhan Oblast an excellent result was achieved with machine cultivation and harvesting of tomatoes, in Tyumen Oblast—grain crops, and in Kemorovo—potatoes. These experiences have in common the fact that they are based on the utilization of existing domestic technical equipment which was adapted locally to meet the requirements of the new technologies. On the other hand, the technologies themselves were adjusted to the capabilities of the modernized equipment. This kind of reciprocal

improvement of technology and equipment has produced real possibilities of acceleration with the scientific-production potential that has already been created, and it must be introduced everywhere so as not to repeat the mistakes and to avoid those difficulties that had to be overcome by the pioneers.

This pertains first and foremost to local technical means. Now this requires thinking about and organizing an efficient system of modernization and reconstruction of agricultural machinery during the process of operation, that is, that which has already come from the conveyor and is in operation on the fields of the kolkhozes and sovkhozes. (According to the Great Soviet Encyclopedia: modernization is bringing machines in line with modern requirements through relatively insignificant changes in designs. Significant changes, affecting the principal essence of the machines, are usually called reconstruction).

When discussing in seminars the rich possibilities of reconstruction of machines and the fact that old technical equipment can and should continue to operate on the fields in a new way before being turned into scrap, I sometimes note the laughter in the eyes of the listeners: "What are we, so poor that we have to work with old things?" But this psychology comes not from poverty but from thriftiness and in particular the fact that it has been unusually easy for production to receive machines that are not sufficiently developed and therefore do not have a long service life before they are obsolete. What if not economic irresponsibility can we call the fact that in our zonal branch agricultural scientific research institutes we do not engage in what is assigned to us and not in what is required by today's agricultural production. Let us recall the bacchanalia (the spectacle that swept over the country in a wave in 1985 can be called nothing else) having to do with the plowshares for seeders. This wave carried away so much money, effort and equipment that it shook the authority of science and management! I shall discuss this in greater detail later on. But there is also another problem. We frequently spend money allotted for the creation of working parts for agricultural equipment on the development of "future machines" and also those with wide grasps and combined machines. To be sure, the years pass and this "future" remains the future. In the meantime the special design bureaus of industry are not receiving from us the basic parameters of new working parts and agriculture is not receiving proposals for the utilization of existing equipment for zonal technology or for developing it to fit local conditions in order to obtain a return even today.

It would seem that the plans of zonal scientific research institutes and their design bureaus should be reoriented toward providing intensive technologies in the technological, technical, and organizational plan, allotting 15-20 percent of their time for work on research that can be applied in the future. Otherwise it turns out that all science has "gone on reconnaissance" and the rear lines have gone unattended.

### How Do We Best Use What We Have?

The modernization of machines, both simple and fairly complex ones, does not take place randomly. The reasons are the shortage of new machines (especially for new industrial technologies) and labor resources and the existence on the farms of a large number of unutilized, obsolete machines with suitable working parts, wheels, hydraulic systems and other mechanisms which can be used for modernization and reconstruction of machines. The growing capabilities of local shops also have an effect. At one time there were only a forge and a grinding wheel, but now many of them are quite comfortable with the shops of industrial enterprises. In addition to that, they have a high professional level of machine operators, agronomists, and agricultural engineers who have an excellent knowledge not only of machines, but also of agrotechnology and the requirements placed on these machines by local conditions. To this one should add that the Food Program envisions further strengthening of the rural engineering service.

Of course the rural shop is not capable of all of this. Therefore it is necessary to think about more effective utilization of assistance from the city to the country. Each year about 10 million people in the country are enlisted for these purposes.<sup>1</sup> But the plant worker, armed in his own production with modern equipment and technology, is a greater help to agriculture by preparing technical equipment for it, modernizing and reconstructing it than by taking up spades and forks right on the farm. It is also worth thinking about the utilization of the experience of Komsomol construction detachments. The students can participate in the development of plans for reconstruction and modernization of machines in their course and diploma projects and then when they go to rural areas they can realize these plans with their own hands.

But the main, decisive factor in the modernization and reconstruction of technical equipment right on the farms is its usefulness, that is, the economic factor. The practice of recent years has shown that "independent machine building" would make it possible to remove a number of serious problems having to do with mechanization of agricultural production or to significantly improve the state of affairs. To the examples given above concerning new technologies for tomatoes, grain and potatoes, one could add the experience of Omsk Oblast: the hay was harvested with reequipped written-off combines, stackers, and push rakes for harvesting straw with K-700 tractors, and Muravey silage harvesting combines manufactured on the basis of the chassis of the grain combine with a reaper and crushing device from the KS-2.6 silage combine.

It has long been time for our pioneers of machine building—the Kirov Plant and the KhTZ—to equip their tractors with a front takeoff shaft and a rear hinge plate. This will open great possibilities for combining operations performed by these tractors, it will facilitate the

labor of machine operators, and it will expand the sphere of application of the tractors. The builders themselves make a front hinge plate for the K-700 and T-150, and they work just fine! But in rural areas these knights of the field work "with their hands tied"—they could pull a mountain, but what good is it?

Everything that has been said speaks about the direct advantage of reconstruction of machines during the process of their operation. But it is necessary to have clear-cut feedback between agricultural machine building and agricultural production in order for good technical ideas that have originated and been tested in rural areas to be embodied more rapidly in new plant machines. Therefore it is necessary to have engineering-design, organizational, and material-technical support for the movement for prolonging the service life of agricultural machines and increasing the economic effectiveness of their utilization through modernization and reconstruction.

What can be suggested for efficient utilization of reserves? Let us begin with the material and technical base for the reconstruction of existing unutilized technical equipment.

In our opinion, it would be reasonable for the one who sells the machines—Agrosnab—to purchase from the farms technical equipment that for various reasons is not used, including that which has served out its amortization period. It could be purchased for the value of the machines and then turned over to the repair enterprises of Agroprom. They could make a decision about which parts and components to repair and then use as spare parts, what should be modernized and reconstructed, and what should be sent for scrap metal.

It would be expedient to develop the plans for reconstruction and modernization in the design bureaus of the local agricultural scientific research institutes or at enterprises of agroprom and in training institutes. I think that the manufacturing plant or the industrial design bureau that has developed a now obsolete machine should participate in its further destiny. Let us take that same KPG-2.2 fertilizer spreader and the new GUN-4. The plan for reconstruction of the old fertilizer spreader could be done by the design bureau that developed it in a couple of days.

Naturally, modernization and reconstruction will require material and labor expenditures. Therefore the central agencies should plan the allotment of funds for materials and batching items from orders from the oblasts for material and technical support for plans for reconstruction.

And it is also necessary to motivate economically not only the farms, but also the corresponding departments to reuse agricultural machines and their parts, components, and sets of parts. On the other hand, the decision to conduct this work itself should be considered from all

sides only after operational testing in the zonal machine testing stations where they exist or in the laboratories of scientific research institutes or leading farms. Otherwise it is possible to fall "from the frying pan into the fire," as happened in 1985 with the plowshares.

The episode discussed at the beginning of the article has a continuation. At that time our clients went away with nothing. The authors and designers of the plowshares in which there just might be something but which required serious development and verification would not risk recommending them for introduction—immense expenditures and responsibility. But when the higher level supervisors made a decision to manufacture the plowshares in large quantities, the authors and their leaders did not try to prove the irrationality of such a step: the responsibility was no longer theirs! And it was accepted—our development had passed!

Unfortunately, even today this story does not have a logical end. The plowshares were manufactured but they were not used to plant hundreds of hectares. They manufactured 8,000 units and spent 800 tons of metal and more than 1 million rubles. In 1986 the plowshares were manufactured again, but they were already different...as we can see, no lessons were learned. Extravagance and mismanagement were not only not punished, they were not even called by their right names. And they should be!

We are alarmed by the lack of responsibility for recommendations. In order to develop an anticost mechanism we should periodically do a retrospective analysis of recommendations—who recommended what, how much effort, money and time were spent, what was achieved as a result, and where did they go. Then many people known for their "initiative" would be evaluated in a different way. But so far the "leader," even after he has been "stung" several times, continues to pour out innovations and to promise mountains of gold from the introduction of the next "development," hoping for our kindness at state expense when the next failure comes around.

#### **Integrated Complexes for Integrated Technologies**

When speaking about the harvest, we now insert "because of intensive technology" after every couple of words. But an effect will be produced only by integrated technology, each operation of which can be performed well and on time because of a complex of the corresponding equipment.

As of today only the technology for the cultivation of grain crops have been worked out completely enough for the conditions of Western Siberia and is more or less provided with machines. No effective machine technologies have been created for cultivating and harvesting potatoes and vegetables. Moreover, in our zone this task has not even been clearly formulated and set forth, the efforts of the workers have not been united, and we have

not ordered the domestic and imported equipment necessary for selecting and developing an entire complex of machines for integrated technologies at the level of the best world models. The work is being done with methods and rates which will not allow us to expect a quick solution to the problem. Therefore it would be expedient to recall how they solved a similar problem with soil protection technology and the creation of a set of machines for utilizing it in the 1960's and 1970's.

Methodological leadership of the work was provided by the All-Union Scientific Research Institute of Grain Farming (the village of Shortandy). At four machine testing stations, including the Siberian, they demonstrated all kinds of domestic soil cultivation and planting machines and, for comparison, the best foreign analogues. At the machine testing station the testing of the equipment was conducted simultaneously with agrotechnological experiments which included five different crop rotations for cultivating grain crops. (In the Siberian machine-testing station the test began in 1964 on 800 hectares and were conducted for about 18 years. They would be invaluable today but, unfortunately, they were recently abandoned. There is no other such long-term, large-scale, and methodologically supported experiment in Siberia.) The results of the tests and the technological experiments were discussed regularly at coordination councils and their conclusions were used for improving the working parts of machines and the technologies themselves. The final result of this work is known: on millions of hectares they introduced soil protection technology and industry assimilated a complex of machines for carrying it out. The land was saved from erosion. The country gave a worthy evaluation to the work of the scientists, conferring the Lenin Prize on the group of workers headed by Academician A. I. Barayev.

Another result of this work was the establishment of the state special design bureau for anti-erosion equipment which today has been turned into an effective force for scientific and technical progress in steppe farming. The system of machine-testing stations in the country has been enriched by the experience in on-the-spot development of technologies recommended by science with a simultaneous selection of a complex of machines, generalization, and dissemination of advanced devices of effective utilization of technical equipment in the new technologies.

I am convinced that today as well the leading role in extensive introduction into agricultural production of machine (intensive, industrial, and any other) technologies, including for corn, potatoes, and vegetables, should be played by machine testing stations. And those mistakes and blunders we observe today in the majority of cases are caused by a lack of understanding of the need and irreplaceability of the stage of testing machines and working out machine technologies at machine testing stations and attempts to do all this within the walls of the institute. Bypassing the machine-testing station is the direct path to amateur work and wasteful expenditure of all kinds of resources.

One of the side effects of the scientific and technical revolution is the increased cost of agricultural equipment. Therefore the agricultural proprietor should be able to figure out how many and what kinds of machines he should buy, with which ones he should wait for a while and use the ones he has, how he can best utilize them, and which technologies he should apply depending on the availability of equipment. But where does one obtain objective information about agricultural machines and the peculiarities of their operation, including the economic aspect of the matter? After all, in the advertising all machines are good.

Throughout the world because of the increased prices for agricultural equipment more attention is also being paid to testing centers that give complete information about the operation of one machine or another. In our country the machine-testing stations have information that can save the farms from extra expenses on the acquisition of technical equipment and help to optimally combine the machine and tractor fleet and utilize technical equipment intelligently. But there is no demand for it. This makes us think about the style of our management.

Today's difficulties in the mechanization of farming—the farms are packed with technical equipment but frequently there is nothing to work with—are caused by the fact that yesterday we put into production machines that were not adequately developed and were obsolete. Thus today we have no machines for cultivating soil and planted areas, for applying fertilizers, or for applying herbicides and means of plant protection.

When one hears the powerful advertising of our developers one gets the impression that past mistakes did not teach us anything. The raw material is allotted for the prepared product. The qualified opinion of machine testers does not interest anyone. Specialists from the machine testing station were not invited to conferences in the Kolos NPO on intensive industrial technologies. And who better than the Siberian machine-testing station could and should give an objective, dispassionate evaluation of the technical equipment and the new machine technology.

The "qualified nonsense" about technical equipment costs us a great deal. And the losses will not be measured in money and metal alone. People are losing faith in the possibility of new technologies and in our capability of controlling the situation in mechanization of farming. At seminars like at markets for second-hand goods, people bring up everything they have on hand: their own, others', today's untested development, and one that was rejected 15 years ago. And therefore many have left depressed: what is a peasant to do?

Healthy risk is necessary in science. When one can foresee good results there is some point in advertising an item ahead of time: while our machine building is "getting into motion," we are managing to complete some development. But we need scientific foresight and

not good wishes, we need a profound knowledge of the situation, the state of affairs in the branch, and an accounting for the real possibilities and prospects for development....

The voice of the trade fair barker, the ecstatic praise showered on nonexistent technical achievements, the "Siberian" variants of plowshares, and other things reminded me of the old Russian story about how a peasant had sold a bad cow. There, you will recall, a "good chap" offered him his services (like certain of our scientists from the division of mechanization) and he praised the cow so much that the peasant exclaimed: "I need such a cow myself"—and took it away from the bazaar. But why do we have "such a cow"? Whom do we wish to deceive? Let us think about it.

Competence, businesslike efficiency, responsibility—these are the cornerstones of the modern workstyle. In light of this it is necessary to rearrange our work. The work of the Kolos NPO must also be arranged, in spite of the modern organizational structure—scientific production association. There is no doubt about the achievements in its work. They are recognized, for example, in the article by the president of VASKhNIL, Academician A. Nikonov (*KOMMUNIST* No 9, 1968). But there is no single final result. Therefore we need a realistic restructuring of the style and methods of work as is required by the times.

Above we have considered the local possibilities of better utilization of existing technical equipment and the introduction of new technologies. But the general path to increasing the effectiveness of agricultural production runs through centralized technical reequipment through the forces of agricultural machine building. This is the way it has been and will be. But in the very system for the creation of new technical equipment in past years there have been frustrating failures which have created today's difficult situation.

Speaking about the creation of new technical equipment, I wish quite simply, on the basis of many years of experience in testing and designing machines, to formulate an idea: only with the active participation of the consumers, the creation in the country of an effective institution of public opinion in the area of agricultural machine building, the development of criticism, and the insurance of openness will it be possible to successfully solve the problem of technical reequipment of the branch on the basis of really new technical equipment.

The creation of agricultural machinery during the past 25 years has proceeded according to a "system of machines" developed for a minimum of a five-year plan. When each such system was developed they promised to complete comprehensive mechanization and provide an array of machines for high-powered tractors. But as of today neither the one nor the other has been achieved. That array of machines that was "torn up" remains the same today. Industry has not managed to produce a

sufficient quantity, say, of cultivators or fertilizer spreaders for tractors of the K-700 type as agrotechnology and agricultural production itself have changed and require different cultivators than for larger spreaders. Is this the same old story over again?

Life itself and the need to work the land economically and efficiently and expend all kinds of resources will not allow us to put up with this situation any longer. The dumps filled with unutilized technical equipment and the simultaneous shortage of machines do not fit with these requirements.

### Glasnost, Public Opinion, and Feedback

The international exhibition "Selkhoztekhnika—'84" showed again that there are no technically unsolvable problems in agriculture. Let us take subsoil application of fertilizers. Excellent, highly productive sets of equipment were demonstrated both by foreign firms and by our GSKB PET (Tselinograd). But when it comes to precisely the technical equipment with the consumer qualities necessary for Siberia and northern Kazakhstan, we knew about this 20 years ago—from an analysis of world models, including those tested under our conditions.

After comparative tests of domestic and foreign anti-erosion equipment I asked the VISKhOM (All-Union Scientific Research Institute of Agricultural Machine Building) which changes they planned to introduce into the construction of the KSh-3.6 rod cultivator. And I must say that a similar Canadian cultivator had many merits. The response from scientists of the institute was brief: we will not change anything! Our cultivator is the best! Such a hurrah of patriotism costs the state a great deal. And here 20 years later we do not have such a light, productive machine for clearing fallow with soil that is in danger of erosion. The farms sent the KSh-3.6, which was produced for many years, for scrap metal "in the plant packaging" (all they took out was the rolled metal for the needs of the shops). Thus the reason why for many years we created and produced machines that do not meet the requirements of agricultural production lay not in the technical sphere, but in the human, organizational sphere.

Why can interested individuals and organizations, under the guise of new technical equipment, put into production technical solutions and technical equipment that are actually outdated, that are new only in terms of the date of output, as was noted at the 27th Party Congress?

Agricultural machinery is evaluated by the system of state machine testing stations of the Gosagroprom headed by the Kuban Scientific Research Institute for testing tractors and agricultural machinery, which is efficiently organized and armed with the most modern scientific methods and technical means. Why does this organization not always block off the path to inefficient models? In our opinion, this is because this evaluation

takes place "on the quiet," in a small group. Protocols for state testing of machines exist in 18-20 copies. The results of the tests are discussed by a small group of specialists in the scientific and technical councils of the ministries. The information received in the tests does not reach the broad public and this means it does not work to form public opinion. Without access to this information farm specialists do not have the opportunity to select for ordering the machines and sets of machines that are optimal for their conditions, to familiarize personnel ahead of time with the peculiarities of the operation of the equipment that has been ordered, or to organize highly productive utilization of it.

One wonders what kind of link there is between such an abstract category as public opinion and the design of a specific machine and its consumer qualities? If only it were possible to solve this problem with just one solution! But in life it is always necessary to make a choice. And here qualified public opinion comes into the foreground.

Let us take that same example with anti-erosion equipment. In 1965 we at the Siberian machine-testing station conducted comparative tests of various machines and selected the best. We wrote down our recommendations in protocols of state tests and published several articles in the newspapers and technical journals with an analysis of these results. But almost 20 years passed before the appearance of the machines of the KTS-10 type which correspond to those recommendations and the knowledge gleaned at that time. And yet we had everything necessary for creating them at the end of the 1960's. Suffice it to say that the working parts of today's new machines were taken from those that were delivered for production 20 years ago.

At that time no general opinion had been formed about which machines agriculture needed and with which consumer qualities with respect to convenience of operation, productivity and reliability. Therefore we were not able to defend our positions under pressure from departmental interests of the head scientific research institutes and design bureaus, which were dictated by considerations of prestige, career, and even personal advantage.

It is also necessary to improve the very system for setting tasks for agricultural machine building. In particular, it is necessary to change over as quickly as possible from agrotechnical requirements for each new machine to agricultural requirements for processes performed by the machines and technical specifications for a specific new machine (in the technical assignments for its planning).

Of course this will cause the favorable picture regarding the correspondence between machines and those modest indicators that were included in the agricultural requirements (written from the possibilities of the mockup of the machine) will grow appreciably dimmer. But this will make it possible to have a real picture. And so far, we

must admit, frequently the machine corresponds completely to "its own" agrotechnical requirements but it does not meet the requirements for quality of the performance of the technological process. This is the situation with respect to many planting and soil cultivating machines.

...Life demands that we work in an economically intelligent way, creatively, with initiative, and with honesty—in each workplace. Herein lies the guarantee of our success and this is what our party teaches us.

#### Footnote

1. *Komsomolskaya Pravda*, 4 December 1984.

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#### Excessive Paperwork Causes Alarm

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[Article by V. S. Sominskiy, doctor of economic sciences, professor, Leningrad Technological Institute of the Pulp and Paper Industry: "The Business Word and 'Business Prose'"]

[Text] Tens of millions of citizens in our country write something every day. These are not schoolchildren nor students nor people who like to write letters to their relatives and friends, of whom, incidentally, there are fewer and fewer, and they are not composers of articles, plays, poems, books, or sketches. The tens of millions of citizens whom the author has in mind are engaged in "business pros" in their jobs. They fill out requests for materials (necessarily in several copies). They submit information about the implementation of countless numbers of directives and calculated assignments. They compile explanatory and report notes (sometimes of many pages). They write orders, directions, instructions, guidelines, plans of measures, and reports on their execution. And many, many other things.

Government clerks, operators, brigade leaders, foremen, dispatchers, and shift chiefs each day in their jobs fill in immense "empty areas" with indicators of technical progress, indications of the quantity and quality of parts, components, semimanufactured products and items produced, work performed, downtime and causes for it, and so forth and so on. And they write so many references, acts, conclusions, letters about deliveries and shortages, confirmations and objections!

The number of documents in circulation does not decrease each year but increases, and numbers into the tens of billions of units in the national economy and

millions on an average for the large enterprise or association. The primary documents generate secondary ones, the secondary ones—summary ones, the input—output. The USSR State Committee for Statistics is reducing the number of forms for statistical reporting but the ministries and departments are requiring more and more information under all kinds of pretexts. Examples of this have been given in the press repeatedly.

Even the USSR's State Committee for Statistics will not answer precisely how many documents there are in circulation. Nor will anybody answer the question of how much paper is used for "business pros." An approximate calculation done by our colleague G. V. Kovalenko, produced a shocking result: more than 300,000 tons a year. This is one-fourth of the entire increase in the production of paper over the 12th Five-Year Plan, which is tantamount to 600 million books of 500 pages each.

Here we must pay attention to one circumstance. "Business prose" does not have so much paper that it can be wasteful. For this direct purpose they are stingy with it and allot it in extremely miserly amounts. But it is necessary to write and to fill in blanks. Paper of almost all 300 kinds manufactured by the domestic pulp and paper industry are put to use. Blank forms of documents are written and printed on envelope paper, packaging paper, condensor paper, wallpaper, newsprint and even on paper bags. Whatever it takes. So a lot of paper is used anyway.

How do we cope with the turbulent rivers of papers, the quarterly high waters and floods which by the end of the year overwhelm millions of workers of the national economy? How do we reduce to a tolerable number of decibels the hum and roar of the combined orchestra of document-writing and printing mechanisms? There are quite a few paths here. Let us discuss just a couple of them.

The first is mass production and installation of instruments—transmitters that send information to central panels and directly to the magnetic tape block of the computer. Everything that is now written on shift reports, operations sheets and control charts for conducting the technological process (whatever they may be called!), should be registered by objective instruments that are not subject to emotions and have no interests. Incidentally, the quality of the work, the quality of the output, and the success of state receiving depend largely on this.

"As though we did not know this ourselves," responsible comrades in the branch ministries will answer. "We are for it with all our hearts, but where do we get these instruments, cables, and installation devices? The ministry of instrument building, automation equipment and control systems satisfies a small proportion of our orders."

What is true is true. The declared need is far from fully satisfied and perhaps this is why much is not declared and not ordered at all? Everything is much more peaceful without transmitters. And also look at the success of the Ministry of Instrument Making, Automation Equipment and Control Systems when it comes to manufacturing and installing ASUP's, that is, automated systems for control of production. They have set up so many OASU's: branch automated control systems that caress the gazes of their highly esteemed users: and there are so many computer centers (VTs) and ASUP's for local purposes in the associations and enterprises! But who has figured out the real effectiveness of all these achievements of technology in the matter of reducing document circulation and the time periods for adopting and increasing the effectiveness of management decisions? And the main thing is the substantiation of these decisions. Effective panels are frequently clothed with myriad handwritten initial data with an extremely low coefficient of reliability. What is the price of the information that has been "thrashed" out of these data by powerful computers?

At one of the largest enterprises of the pulp and paper industry where more than 10,000 people are employed and the volume of output reaches into the hundreds of millions of rubles, the ASUP includes three large computers and 135 workers, including 42 operators. They solve problems: calculations of wages, payment for municipal services, the condition of warehouse supplies, the dispatch of prepared products, amortization deductions, and so forth. A certain percentage of these problems that have nothing to do with production management were solved previously by hand just as well (and not better) but they cost considerably less, taking into account the cost of computers and their service. And there were fewer mistakes.

We do not mention this enterprise merely because this situation is typical. The ASUP, as a rule, does not include production management in its tasks. At best the ASUP, like the ASU, functions as an automated system for processing information (ASI).

Let us make one stipulation at once. We, of course, are not either for or against computers. But only where they are fed with reliable and objective initial information. Such are primarily the computers in automated systems for control of technological processes (ASU TP), including large technical systems (ships, aircraft, machine tools, sets of machines and so forth) in many branches of science, technology, planning, medicine, and transportation.

The ASUP and the OASU are capable of really working only on the basis of objective information fed in by transmitters. So would it not be better to shift the center of gravity of expenditures of funds, efforts and capacities to this side? First the transmitters and then the ASUP, and not vice versa. The utilization of objective information communicated by transmitters built into the ASU



TP would help a good deal in the development of the ASUP. Much data on the basis of which the ASU TP functions (the quantity of products produced, expenditure of raw material and energy, quality characteristics) are displayed on the terminal and registered by printing units of the ASU TP and they are much more reliable than analogous entries made by workers and foremen. But the existing instructions for accounting for expenditures and the fulfillment of the plan do not recognize this and they exist as though of their own accord, for technologists alone. And, strange as it may be, the ASUP and the ASU TP are not joined. Incidentally, neither the transmitters nor the displays of the ASU TP will help without taking a second path: accounting for deviations and eliminating surplus information.

An analysis of document turnover and document flows shows that most of them are made up of all kinds of information about the fulfillment of the plan. The work is doubled. First they draw up and calculate the plan and fill out millions of documents. And then they send back data about the same thing for items that coincide down to the letter: concerning the fulfillment. Why and what for? For operational control it is important and sufficient to know: what has not been fulfilled and to what extent and what has been overfulfilled and to what extent? And this is not with respect to all items, but only the most important ones. And that which coincides with the plan or diverges from it insignificantly should only be confirmed without giving any data. And only from the results of the year is it necessary to draw up a report with the established detail and precision. The same thing pertains to the fulfillment of expenditure norms and any other planning indicators.

Take, for example, the plan for an instrument shop of medium size. The plan includes more than 200 items of local and about 50 items of secondary (calibration) instruments. For each item there is the number of units and the cost or the norm-hours. The plan takes up a whole roll of paper. And the report is the same. Yet it would be sufficient to report that the plan was not fulfilled with respect to items 3, 5, 35, and 80, with an explanation of the reasons. And for positions 88 and 75 so many units more were done and why. That is all.

Of course the roll of paper that is the plan can be sharply reduced and simplified. For the instruments, as a rule, are ordered by the same people who ordered them last year, and by shops of the same plant. Why not reduce the plan to only the new items and not repeat all the rest but simply confirm them? This pertains equally to other of the numerous planning indicators. It would seem that the proposed simplification would be possible at any enterprise in any branch. It is precisely on this path that one should look for reserves for reducing expenditures on management.

And now about useful and useless information. The book by Academician V. A. Trapeznikov, "Management and Scientific and Technical Progress,"<sup>1</sup> gives data on the

proportion of information that is used in one way or another by the staff of the branch ministries and departments as compared to all the information that comes in. This proportion amounted to about 10 percent. In other words, 90 percent of the information that comes in is never used for any purpose. The problem here is more than just the overflowing commodity circulation. The surplus of information means noise that makes it impossible to hear what is important and necessary. The surplus of information means an excellent nutritive environment for bureaucracy. Hence a concrete proposal: that all enterprises, in all associations, institutes and organizations, in the ministries and departments, from the bottom to the very top, to check what, by whom personally, how frequently and for what purpose documentation coming in from "input" and sent out through "output" is used. And we would like very much to complete this verification totally "in the shortest possible periods of time." Without dragging it out, but also without hurrying, thoroughly and thoughtfully with the active participation of labor collectives, enlisting sociologists and specialists in engineering psychology. And the proper conclusions must be drawn.

The third path is the creation of prestige and respect for the business word. As we frequently hear but have never taken in: "You cannot sew the word onto the deed." Yet it is possible to "sew on," and write, for example, on plastic. If one calculates how much time is spent on writing by hand in reports by chiefs of shifts and sections, shift dispatchers, and specialists in charge, and how much the level of their useful output drops because of this, it would be possible to find the force and means to eliminate paper from many kinds of "business prose."

The business word should be, as they say, better than gold. If you have given your word you must keep it. And a failure to keep a verbal promise should be punished in the strictest way: rejection from joint work and further business contacts. In our time, a time of radical restructuring in all spheres of activity, it is extremely important to raise confidence in the word and in its reliability. By bringing trust to the word it would be possible to sharply reduce correspondence with suppliers and consumers and practically eliminate the immense correspondence within the ministry and its administrations as well as correspondence among divisions and shops of the association. Having talked on the phone to Ivan Petrovich, I can state that the item will be sent tomorrow and I expect from him an instrument for testing no later than a week from now. And everything will be that way....

The word of honor of a business person: a worker, director, minister—should be higher and more reliable than any paper. On whom does this depend? Of course, on the economic mechanism. But certainly not least of all on us ourselves.

During the days of the 27th CPSU Congress during one of the "time" television programs a reporter asked a congress delegate: "What would be the first thing you



would like to see in the decisions of the 27th Congress?" The answer was this: "To reduce by a minimum of 30-35 percent the flow of documentation at our own enterprise and definitely the flow of documents that come from outside."

When the paper rivers of "business prose" go shallow the riverbeds will be full of artistic literature, reference works and encyclopedias, that is, everything that is in short supply as distinct from paper-documents.

#### Footnote

1. Moscow, Nauka, 1983, pp 87-88.

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**Trivial Matters Interfere With Larger Purpose**  
18200047i Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 12, Dec 87 pp 95-116

[Article by V. A. Skripov, candidate of philosophical sciences (Vilnius): "Anti-Trivia"]

[Text] In one of the essays the author describes the symptoms of management pathology that is conventionally called "trivia." The reactions, both oral and written, showed that this phenomenon was recognized and that the readers were interested in the subject. But it was impossible to get rid of a feeling of dissatisfaction because of the unendingness of the subject: a diagnosis was given, but no treatment was suggested. This text was gradually generated. In it the reader will not find the latest exotic management technologies. It will be about how one can influence the nature of management relations in the organization with means that are available to everyone.

#### A Broken Chain

There is probably not a single manager whose vocabulary does not include the word "system." Not recognizing system is tantamount to denying the need to brush your teeth in the morning. Nowadays everyone says: "I have my own system!"

...And this shop chief is convinced that he is working "according to a system." In any case he has no doubt that his practice relies on its foundations:

"And so, let us go! Who has a 0-10 washer? For polishing? And how many did you get? Twenty? That is not enough, where are the rest? Excuse me, but you already told me that they had produced 40. All right, I will check. Where is a 40 pipe? How do you know? Did they produce it or not?"

Response: "It seems that Leonovich was seen at the section. He probably forgot about them before his vacation."

"Jokes! It turns out that for a week the batch had sat there without moving. Find them and put them to work immediately! And did they send the wood screws to the warehouse?"

For about an hour or perhaps more the shop chief was trying to find the location of parts on the routes, "remembering" where, at what machine tools he had last seen them. So many hundreds of kinds of parts are looked for, pushed through, lost and located en route to the foggy smoke of the plan. Yet each foreman has a monthly assignment, bills of lading under which parts are allotted for intermediate operations, and shift assignments for which deadlines and quantities are to be established for the workers. They exist and at the same time it is as if they did not. Not because the shop chief as a "true" production worker despises papers and he despises their masters even more. Why write down shift assignments and then also norm them. Prejudices! You should keep a journal of releases and what else! It is possible to agree on everything orally, to remember, and to be oriented in the place. The first commandment the master receives in the shop is: "Try as quickly as possible to memorize the names and figures of parts and their routes."

...The balance commission at the end of the month: summing up the results, evaluating the work:

"The plan was not fulfilled. Will we give bonuses to anyone? Any suggestions? The second and third brigades? Well, how were they distinguished? More norms? Just think! If the shift had done everything on time there would have been no down time. Shall we point out somebody personally? We can take away from Ivanov and Chuplinskis for their absences, Borodulin refused to come in on Saturday.... Remember, remember!"

This is approximately the technology. And how could it be otherwise if the shift assignments do not have deadlines and the norms are drawn up only upon closing the orders? If there is no daily accounting and evaluation of the performance of the assigned work: in percentages, in points, or in various colored little crosses? But this is paper, "writing"—that which our production worker finds so distasteful.

According to our hero's logic, all this "paper bookkeeping" plays no real role in management and only takes time which could be used to real advantage by going once again to the shop to send an emergency part to the warehouse. Competition has an empty sound, busy work for newspapermen with its pathetic rewards which could more simply be divided up according to an easy formula:

we will give to this person, we will give to this person, but this person...next time! The main thing is not to offend those on whom the shop relies.

It would seem to such a leader that if the production process would adjust itself there would be more resources: people, equipment, fittings, wage fund, and bonuses. At the thin end there would be more dispatchers! Everything else: accounting, analysis, evaluation and other management "things"—would be out of the area of sentiments since they are not productive force. He believes in the magic force of a personal promise, a good memory, and initiative which make it possible to do without "science."

But in reality when broken down into isolated elements management work is transformed into its antipode—unmanageability. Without reliable and systematic accounting and without analyzing the situation it is difficult to plan and evaluate the work. But when the plan is unrealistic—too difficult or too weak—or even worse if it is realistic but is not distributed uniformly, it is easy to ignore it, finding "objective reasons." And the manager himself does not feel confident here. And when he is not able to evaluate the work of his subordinates in a justified way it is easy to provoke conflict. Therefore it is necessary to follow the line of least resistance—resort to "floating equalization" or, guided by traditions, look for ways "not to offend" the necessary workers.

Managers of this type are won over by the simplicity of communication, their "antibureaucratism" and their exceptional ability to work. They give the impression of being extremely busy people. They are distinguished by their ability to "get along" with their subordinates. One cannot but be astounded by their phenomenal memory which enables them without mistakes (or almost without mistakes!) to repeat hundreds of names of parts along with all the operations of processing and their location on the route at the given moment.

This type of manager, who is fairly widespread, did not develop by accident. For practically all the line personnel today are former engineers, graduates of polytechnical VUZes or practical workers who all their lives had been dealing with "pieces of iron." Of course today there are some things they cannot get about the theory of management from television shows, EKO, and lectures of traveling professors. But can this information really replace systematic knowledge absorbed like the alphabet from youth? In those years when today's production manager sat in classrooms the science of management was just getting started in the country. And even today in the technical VUZes it has not become a subject equal to resistance of materials or the theory of cutting. When they come to production these people become managers, frequently having their only opportunity for professional growth. They are successful if they end up at enterprises with good management traditions; then they learn the established work policy with documents and from the example of their more experienced colleagues. But if the

overall art of management is low, the uneven information they glean from the outside is perceived as decoration, as "theory," which is a long way from practice.

The question arises: What happens to the "experience from mistakes"? The problem is that the reserve for increasing the effectiveness of production as a result of the management factor is not obvious. It is concealed. Moreover, the return becomes manifest not immediately but only after lengthy and systematic work that becomes a habit. The change of management actions—accounting, analysis, decision-making, monitoring and coordination—evaluation and incentive—cannot stand to be broken, for them it disintegrates. Only after it reaches the point where it is automatically reproduced each day and each hour does management become effective. But this requires complete confidence in the need for these actions as well as patience. And even that is not enough. In the world of machines and technologies the effect is appreciable at once. The thinking of an engineer is oriented toward specific measures when cause and effect stand right next to each other and are as plain as the palm on your hand. But the management effect is mediated and veiled, and it is a vector of a set of irregularly repeating actions. Even if it has already been manifested, the skeptic can always ascribe it to other "specific" factors. It is thought that management itself does not produce anything, it only organizes. It was difficult for the consciousness of the former engineer to grasp the idea that management is primary and machine tools, technology, materials, and so forth are secondary.

...If you talk with such a shop chief you find out that the new machine tools could not be fully loaded because it was necessary to order different ones that were more suitable to the shop's range of operations; that the people were not trained to operate them for training was not organized promptly and that interruptions in the delivery of instruments were caused to a considerable degree by the fact that there were no prompt orders for duplicates, and so forth and so on. And all these are management issues which in the final analysis break down into elementary operations: accounting, analysis, control.... At various levels and in various situations.

On the other hand, management work is certainly not a simple occupation. It is only to the uninitiated that technocratic hyperactivity seems like a complex activity: from the engineering standpoint it means slip-sliding along the surface. In-depth socioeconomic analysis or planning are of a higher magnitude. Those who try to "make short work" of them in an offhand manner generate surrogates which only make things worse. An unprepared manager when he comes up against the need to independently develop a management system or technology is convinced of how complicated it is. He feels his shortage of knowledge and skills, experiences confusion and vexation, and desiring to overcome his internal discomfort, begins instinctively to shy away from this work, and "departs" into exhausting but yet customary and comprehensible production trivia.

And so the first lesson of antitrivia is the lesson of understanding that management is not a magic action with immediate results, but in everyday occupation that takes place continuously and requires self-discipline and patience. The guarantee of its effectiveness lies not in individual one-time large measures, but in systemic and systematic work that make it possible, from a multitude of threads to weave the fabric of the result.

### The Focus of the Goal

The famous parable about the breakdown of forces into the triangle of "swan, crab, and pike" classically illustrates the situation in which one finds the system of management of an enterprise or its individual units when they have become lost in the ins and outs of the "tree of goals." This means that the worker has a confused idea about the function in the prepared item that is played by the party manufacturers and the technologist does not know which criteria of economic and social effectiveness should be met by the technological process he is developing.

Frequently the problem is that the improvement of ties in management proceeds basically along the path of regulation of labor functions to the detriment of the opposing tendency toward consolidation of goals and tasks. Among certain managers there is also the opinion that the collective works better when each one has information in a strictly defined segment of "from and to." It is assumed that regulation automatically provides for adjustment of the organization according to the logic of the "tree of goals" since each one does what he is supposed to do, bringing his work as close as possible to the main goal. But in reality the process of breaking down goals is fraught with the danger of their becoming autonomous, that is, the goal that it is an intermediate one on the path to another, higher one, begins to be perceived as a goal in itself, as the final point of the movement. Then the general goal itself is significantly distorted.

...With the introduction of state receiving at enterprises the number of returns increased sharply. A dispute arose: Who should correct the defects? The workers who had caused the defects or the controllers of the shop BTK who allowed the defect to get by? Each side categorically pointed the finger at the other, giving its own arguments. The enterprise's head engineer made a decision like Solomon's: the work was to be divided in half. What motivated this decision?

Let us imagine that the decision was in favor of the workers in response to the argument: since it has the stamp of the OTK they will get nothing out of us. It is not difficult to predict that the angry controllers from that time on will do everything possible to refuse to allow a single instrument into the warehouse for prepared products. With the opposite variant a legitimate question arises: Why is the OTK necessary if it bears no responsibility for defective work?

A contradiction arises because of the fact that the final goal of the enterprise—satisfaction of the demands of the consumer—that is, providing for both the quantity and quality in an inseparable unity—is transformed along the chain into individual, self-sufficient goals: for some the priority is quantity over quality and for others it is only quality with complete indifference to quantity. Only joint responsibility for both goals will reconcile the two sides.

In any organization from time to time the leaders for various purposes and with varying degrees of sincerity address the members and talk about the affairs and tasks of the collective and call for new goals. Unfortunately, at this point the tasks are not always translated from the macrolevel to the middle and lower levels, and when speaking about what seemed to be obvious things (the plan, economic effectiveness, and so forth) they are understood in different ways.

One becomes convinced of this repeatedly, even at the best enterprises. We advise you to check yourself. It is suggested that you conduct the simplest investigation that takes no labor to process. Draw up a small questionnaire including 5-10 questions with approximately this content:

"What do you think, what criteria does the ministry use to evaluate the effectiveness of the work of our enterprise (name 4-5 criteria and rank them)?"

"Now indicate the criteria by which, in your opinion, our enterprise should be evaluated so that the evaluation will be objective and fair (also 4-5 criteria)."

"Name 4-5 (in order of importance) of the most important and crucial problems that should be solved in order to improve the work of the enterprise."

"Name several strong points of your enterprise which could be developed in order to achieve success."

Similar questions can be asked of workers of individual services, changing the scale of the goals correspondingly. It is desirable to conduct the questionnaire at a rapid rate. This is why: if a person in his daily life thinks about the questions that have been raised he will be able to answer them without difficulty and his answers will be internally logical and interconnected. But if he tries to answer them impromptu, one can see this in the breakdown of the answers: they will be incomplete and illogical.

Thus one determines the very important characteristic of organization—the "focus of the goals" in it, that is, the information about the extent to which the people are informed about the goals, tasks and problems of the collective and the extent to which their ideas about this are the same and coordinated. Discrete goals that are not joined together into a unified "tree of goals" comprise one of the fundamental problems of the organization of

modern large-scale production. It is extremely useful for any manager, even the manager of a good subdivision, to know about the degree to which this problem is expressed in all of its concreteness.

When a questionnaire was conducted at one enterprise it was discovered, for example, that a large proportion of the managers when speaking about effectiveness mentioned "fulfillment of the plan" (in terms of volume, products list, productivity, and so forth). Only a few of them indicated growth rates, reduction of production costs, ratio between growth rate and labor productivity and wages, growth of output capital ratio, and so forth. One sees here the particular orientations of people: one is outdated, reflecting criteria of the economic mechanism that are receding into the past ("the plan at any cost"); the other is the one that reflects the beginnings of new economic thinking which is directed toward commensurability of expenditures and results.

An analysis of this information causes one to think about many things. First of all the manager gets the opportunity to question himself: does he himself have a correct and clear idea of the organization's goals? Further, do his closest assistants and various levels and groups of his subordinates share these ideas? Where are their contradictory interpretations and why? There arises a need to critically evaluate the entire system of informing the workers of the indicators of the activity: provisions for bonuses, conditions for competition, criteria for functional cost accounting, and so forth. It was precisely with this kind of "inventory" of criteria for evaluation that the authors of the Sumy Experiment (NPO imeni M. V. Frunze) began work on creating a comprehensive system for increasing the effectiveness of production.

One of the effective ways of pointing the "focus of the goal" are "days of quality for the head specialists whose agendas include summing up the results of the work of the enterprise and formulating tasks for the future; reports from subdivisions with analysis of the causes of deviations and also advanced experience; familiarization of personnel with the latest normative documents and with advanced experience of other enterprises; and discussion of new ideas and plans prepared for introduction.

An extremely useful thing! This makes it possible in a common language or mode of speech to listen, clarify positions, dispute, decipher customary formulas and point out the irregularities that lie behind them. And the top managers will perhaps be the first to be surprised and ask the question: is that where we are going?...

#### **When the Director Becomes a Dispatcher**

Each manager has its first day when the question arises of where to begin. One should not begin with a blank sheet of paper, but with the long roll of paper covered with someone else's writing. Here is where one is warned of many of the blunders and mistakes which are oh so difficult to correct later.

Do not be in a hurry! This is the first commandment that should be written in the textbooks for beginning managers. A widespread temptation among beginners has been the irresistible desire to begin to "manage" as quickly as possible. Many experience a twinge of uneasiness about their "supervisory" development, assuming that a manager should "know everything" from the minute he begins to work and be in on everything or at least give the appearance that "nothing can be hidden" from him. Having barely crossed the threshold of his office, he grabs the plans of products lists and schedules, hurries to the warehouse for prepared products, sits in on production meetings, and gives orders left and right. In general he voluntarily crawls into the bog of "trivia," cramming his head full of numbers of parts and calendar sequences.

Yet it is precisely then—during the first days—that the manager is given a unique opportunity to look around. For it is during the first days and weeks that the newcomer is given a head start—a natural, morally justified pause in order to properly look into things. It is quite justified during this period to turn all operational concerns over to deputies and close assistants, relying on their experience and the overall inertia of the management system. Each manager is correct to remember: somehow or other they get along with him during periods of vacation and illness. Moreover, temporary escape from current affairs is an excellent opportunity to study subordinates.

The pause should be used for conducting two measures on which much will depend in the future. The first: register the starting characteristics, that is, comprehensively analyze and document the condition of the legacy you have received. This will make it possible to draw a realistic picture of the shortcomings and problems that will have to be eliminated and solved and then objectively trace the results of the work of the new manager. Second: distribute and reinforce rights and responsibilities of workers in such a way as to provide for uniform loading and clear-cut responsibility within the limits of their competence.

The majority of problems encountered in daily management practice upon closer consideration turn out to be the result of functional disorder which is manifested in a duplication of functions: unclear formulation and unclear limits between them (the existence of "disputed territories"); irregularity of loading with work in various levels and spheres of management; divergences of the rights and responsibilities of workers; the intrusion of higher managers into the functions of lower ones.

The harm caused to the management system by misplacement of responsibility is dual: there is no time to answer questions and the subordinates lose their independence and initiative. Moreover, no matter how energetic and talented the manager may be, he is still not able to take the place of the minds and ability to work of a multitude of people. This is why it is so important from the first steps not to allow distortions in the distribution

of functions. The "enemy" is frequently in the manager himself—the temptation to do himself what his subordinate is supposed to do. Some are impeded by shyness, the desire to avoid conflicts and difficulty in communication, especially when it is necessary to exercise authority; others are hampered by curiosity, excessive arrogance, and self-importance, as though nobody could solve complicated problems as well. Haste and a frenzied, nervous rhythm of production life when, in order to save time, it is preferable to "close" the issue oneself, also contribute to this. But the minute you begin, you are assailed from all sides by more and more new problems.

First of all, it is necessary to limit the flow of information coming from below. The norm of "information saturation" is determined by a law: each manager should make only those decisions which correspond to his level in the structure of management. A manager on the level of the director or shop chief should handle only the operational problems that have to do with personnel, and the rest of them should be submitted to him only after the workers have taken them through all levels of the hierarchy and were unable to resolve them. A violation of this rule should be regarded as an accident, with all the consequences that ensue. I know a head engineer who in order to fight against incorrectly developed papers installed in his reception room a "bulletin board of shame" which shows samples of "equipment for passing the buck."

Strict adherence to this law could be called "managerial aristocracy." Managers of this "breed" are immediately recognized when they meet with someone outside: from the calm surroundings in their office at the height of the working day and from a number of telephone calls and visitors bursting in with "urgent" business. But if the manager, having been interrupted for the 10th time with a phone call, still shrugs his shoulders looking for your sympathy (that tragic gaze: "There, you see, it is like this every day, they will not let me work!"), this is a true sign of a poor manager.

As we know, official instructions explain who should do what. They are written on the basis of standard instructions, that is, those that are averaged and generalized to the point where they can be averaged. It is recommended that they be written creatively, taking "specific local conditions" into account. And this fine point is frequently forgotten. For example, they write: "The foreman exercises control over the production process." But what does this mean in practice? Does he hide behind a pillar and observe whether things are going right or not?

If the instructions have been made concrete, it is possible to realistically expect that a worker perform a concrete job. Most frequently people resort to the instructions in cases when "border disputes" appear. It is possible to prevent them by gathering the "team" together to determine collectively the correctness of distributing duties and responsibility along the vertical and the horizontal. Let everyone "see" the work of his colleague and express his idea about it: what should be taken away and what

should be added. The dispute will inevitably lead to the need to determine common goals—money boxes into which each makes his own contribution. And then much will become clear immediately. It will become clear to each worker that a reasonable combination of roles is one in which any of them is a "minidirector" within the framework of his competence.

But working out the issue "What to do?" is only part of the problem. It is necessary to provide real management resources in support of the duties. It is not enough to record the rights on paper; it is necessary to provide real conditions for them. This means that granting a right to a lower manager presupposes taking it away from a higher one. For example, if a foreman has been instructed to hire and fire workers, the shop chief should never interfere in this business. Healthy ethics of job relations will not allow instructions from lower managers to be overridden from above without their knowledge and agreement, the more so in a demonstrative form, in the presence of other people. The authority of power requires a unified basis.

And if it turns out that the lower-level manager does not need this independence? Then only one conclusion can be drawn: the person is not suited to be a manager, either lower or higher.

In one of the readers' responses to my article "trivia" one could hear the confused question: Is the author not suggesting refraining from operational management? In order to dispel doubts let us look at "trivia" with respect to the sphere of production management. The essay depicted a production operations meeting which mirrored the manner of making management decisions in the "trivial style" which was typical of the enterprise described, when everyone, including the director, engages in the regulation of material flows of production.

Does this mean that the sphere of management of production is such a specific area that this kind of management style is the norm? That dispatching is the only and the most important function of the production service? That there is no place here either for creativity or for strategy? This would be the greatest deception! The sphere of production management is the area where the lack of solutions to strategic problems generates the strongest wave of "trivia," which when it spreads encompasses other spheres of the management system. And this is understandable: after all, the smooth running of the material flow, which includes all resources and all threads of management is the foundation from which the area of the rhythm and style of solving business problems spreads out.

Where does the very need for "universal dispatching" come from? First of all from the poor quality of the normative base for operational management—the correctness of accounts of production cycles, optimal startup batches, sizes of stockpiles, and so forth, that is,

calendar-planning normatives. If this section of the service's work is neglected and the normatives are determined "from the ceiling" and are not recalculated for years, then, naturally, in the movement of the production flow there are interruptions and the documentary reflection of this predictably gains a reputation of being unreliable. So it is necessary during the course of things to plug up holes through dispatcher resourcefulness.

Further, a prerequisite for dispatcherization of management is the lack of a strict policy in accounting and analysis of the movement of flows. Even if the cycles and batches are calculated correctly but the actual location of the parts on the root and its reflection in documents disagree, the managers are forced to dismiss plans for reconstruction and target programs and rummage through the shop in order to be convinced on the spot, find things, put things into operation, transfer and so forth.

The art of accounting in analysis is practically the most difficult to instill and the most complicated task in management. But it is the foundation without which the edifice of the system cannot be constructed. Therefore the development and reinforcement among workers of all ranks and specialties of a respect for His Majesty the Report Document is a most important educational task in the work of managers and above all production managers. The pathetic practice of fetishizing cybernetic equipment as a panacea against administrative chaos has shone how much electronic games cost unless before creating global mathematical masterpieces Problem No 1 is solved: eliminating the nonsense in primary accounting.

It is necessary to fight continuously, every day for strengthening accounting discipline. Managers of the production service should not fail to pay attention to a single case of loss of parts, their being "pushed through" for assembly without bills of lading, in order to bypass the OTK, the failure to fill out documents for defects, and so forth, as a result of which the printouts give a distorted reflection of the production picture. It is necessary to conduct systematic accounting for negligence and mistakes in the work of warehousemen and foremen when filling out the accompanying documents, reveal cases of falsification, and so forth. In essence herein lies operational regulation of production.

A most important task is the development in managers of a taste for analytical work. Such an immense quantity of various kinds of primary information accumulate in production each day, forming a heap of dead, useless facts and figures which never become objects of statistical systematization or generalization. For a manager who is bogged down in trivia they remain sadly silent and evoke a disrespectful attitude like useless red tape. This is why one of the areas of the initial investigations of the manager should definitely be an analysis of all the

information management in order to construct analytical chains that provide for extracting from each primary document a maximum of useful information for making management decisions.

Bringing order into the information logically leads to its utilization for purposes of control and evaluation of the work of subdivisions when solving production problems. The sketch of an operations meeting described at the beginning as an example of an attempt to lead on the basis of unreliable, fragmentary information. Lacking systematized data, investigation leads to a "clarification of attitudes" instead of a solution to the problem of deviations. The top manager ends up in the role of an arbitrator who is deprived of the possibility of being an arbitrator because of the lack of criteria for evaluation.

The author had occasion one time to see at the Shadrin Telephone Plant an example of clever and effective utilization of operational information about interruptions in production and service which was transformed into a management resource. By an order from the director, they installed in the offices of the managers buzzers that were turned on from a control panel that was installed in the dispatcher division. As soon as the deadline agreed upon with the partner for solving a concrete problem had expired, in the office at certain intervals the monotonous signal sounded reminding the person in the office that the progressive bonus was melting away, slowly but surely. There were only three ways of getting rid of these irritating sounds: by cutting the wire, by reaching a new agreement with the partner concerning the deadline and notifying the dispatcher of this, or...by solving the problem as quickly as possible.

With regard to dispatcher work as such, its significance and proportion in the arsenal of methods of management influence are determined by a law: the more work and time the production managers invest in looking for parts, the worse the management of production is as a whole. The personal drama of certain production workers consist in that while applying themselves more fully than anyone else, they objectively cause harm to the enterprise but they are unable to get their head above water.

Here again we observe a "shift in levels" of management. In the production sphere because of the dynamic nature of the object of management itself it takes place more frequently and more deeply than in other spheres and the style that develops becomes the "legislator of fashion." To change the influence of fashion, as we know, is not a simple matter, but the power of the manager is verified in this ability.

#### Our Adult Gains

The history of the development of the theory and practice has already proved long ago: regulating structural-functional ties through official prescriptions produces only a relative effect. Paper cannot eliminate and replace

personal communication. The reverse side of bureaucracy is bootlicking, bribe taking, nepotism, and other channels of informal "business communication." It was noted long ago that laws that are too rigid and simplistic are frequently violated. Encroaching on the independence of the lower levels of management generates pessimism and creative inertia, but at the same time it creates an attraction to "shady" activity and various forms of pseudoactivity. From workers who are polished by professional responsibility one frequently sees excessively zealous public workers who are capricious and unproductive—like the trade union heroine from the film entitled "A Story About a Job."

Commands that are imposed from above with the participation of the workers in decision-making are perceived in an alien way, generating various defensive reactions and elaborate means of resisting pressure from the outside. One of the widespread reactions of this kind was the "material fetishism"—ostentatious resistance to the "cult of the ruble" and the morality of the intelligentsia.

Collegial forms of management are a completely necessary element of the management system. They are objectively present even with the most undemocratic style. And management decision before it is materialized in results experiences a direct or concealed influence from a group of people who participate in its implementation. A true way of increasing your management difficulties tenfold is to put on a show of one-man management. On the contrary, any participation of subordinates in decision-making increases the chances of their being carried out. Collegiality is a means of activating the responsibility of the workers.

Moreover (and few people pay attention to this aspect) collegiality is a game situation in which one works up the coordination of the interaction among services in solving complex, systemic problems. Analysis shows, and one can become convinced of this looking at a file of the director's orders for the past year, that executive discipline depends essentially on the number and the number of departments of the workers. Orders are usually carried out fairly well when they pertain to a specific subdivision; but if the measure presupposes cooperation among representatives of various profiles and services the level of execution drops. One of the reasons is the lack of skills for group interaction in the organization. Collegiality develops the smoothness of actions when solving complex problems and people's ability to have business contacts. Conversely, under conditions of arbitrary leadership the system of management is broken down into a multitude of units, thick walls are built up between them, deep ditches are dug, and it is difficult to cross the bridges. This is why a leader's neglect of collegial forms of management and the bogging down of the activity of technical councils, councils of shop chiefs and young specialists, NTO and PDPS, and so forth are a true sign that he is losing control of the role of management.

Therefore an important step on the path to improving management relations is improving collective methods of management creativity.

Here there is no need to invent any special organizational forms of collegiality. They exist in the enterprise's activity in a sufficient diversity. It is necessary only to look at them attentively and think: Which role does each of them play in management? (an ordinary production "operations meeting" on the intercom. It can have various roles, for example:

informational-cognitive. Its goal is mutual information of directors and leaders of shops about the condition of the movement of material flows of production;

control-regulatory. The goal is to reveal interruptions and deviations and prompt the guilty parties to eliminate them.

normative-evaluative. The goal is to sum up the results of the work for the day, taking note of those who are leaders and those who are lagging behind;

creative-research. The goal is to develop collective decisions concerning complex "interdepartmental" problems. And so forth.

Most frequently the roles are combined. But still one of them predominates and determines the main useful function of the collegiality. To single it out means to deliberately answer practical organizational problems. Who should be the participants? What is the overall time period and the time interval for the measures? What are the character and content for the information used? What is the method of recording and subsequently monitoring and coordinating the execution? And so forth. Such an analytical selection of traditional forms of collegial management communication makes it possible to eliminate a multitude of contradictions between form and content.

One can say without exaggeration that the ability to work collegially is a most important achievement and a condition for effective management. A business game develops these skills. This is why methods of game modeling—"brainstorming"—and so forth—are beginning to dominate in modern training practice. Let us recall one personage from management practice. His name is the curator. This is the very figure who is addressed by the phrase at the end of a management document: "The person responsible for execution... The act itself, which is registered in it, is called "delegation of authority." This personage is worth discussing separately. To begin with let us ask the question: who is delegated most frequently? We can note several types.

The curator—"mast." This is a case when the order gives the name of a high-level leader, one who is so high that it can be assumed without mistake that the curatorship is going to be readdressed to another person who is one of



the supporters of the given leader. Here his name plays only the role of a reference point, which shows that the initiator of the order was most probably the same service.

The widespread variant—curatorship through specialized subdivisions: the office or bureau under the OTK or OASU, a deputy of the director, and so forth. Frequently the person whose idea lies at the basis of the order is appointed curator. It is thought that the author is the most interested and competent one of all. Curatorship is frequently identified with control. This is wrong. Curatorship is a more complicated function. It includes, in addition to control:

information-explanatory work during the process of which it is necessary to clearly set for each participant in the "game" the final task and be convinced that they understand it correctly and what is required of them;

the removal of the psychological barrier and explanation of the real motives for resisting the new;

an exchange of information. The curator is the translator of information for participants in the "game" during the process of working on the assignment; he ensures that people are receptive to constructive criticism, changes and suggestions coming from below concerning the initial plan; and he also settles "border disputes." For example, concerning the definition of shared participation of workers in conducting organizational and technical measures and the corresponding distribution of bonuses.

As distinct from the controller, who dispassionately registers the level of execution, the curator tries to introduce enthusiasm into the very process of the "game." He registers alternative variants and encounters opponents, he provokes creative initiative through references to advanced experience, and so forth.

Around strong leaders one can usually find masters of their work.

A model of one of these was mentioned on a business trip to an enterprise of the branch. He holds a modest position of a dispatcher although, as it turns out, he has little to do with this work. He worked as deputy director for production and carried out the most varied instructions of his boss. And he performed them so thoroughly, confidently and—I can find no other word—in such a "thoroughbred" way that it seemed that you were dealing with a top adviser of the president.

In the past this person had been the chief of a large division, a man who is respected and known to everyone; after going on pension he was instructed to handle coordination of the execution of the most important instructions pertaining to production. In particular, he played the role of chairman at production conferences, and he did not limit himself to turning over the floor, but

actually "directed": he formulated the issues on the agenda, introduced additional information to answer the question, interrupted fruitless battles, during the course of things registered various points of views, conclusions, and suggestions—in general he conducted the "business game" to which the "team" had already become accustomed and they perceived the "organizer" as a figure they could not do without. And one had no hint that he was undermining the service manager who was present here; they maintained a distance between them which only emphasized the authority and significance of each.

More frequently, however, the curatorship is reduced to primitive control, and a control that is fictional, without any levers of influence. The problem of curatorship lies in the contradiction between the real capabilities of an important leader to give his attention to all the commands he has sanctioned and the capabilities of the curator independently, without his help, to utilize the authority delegated to him.

In order to eliminate the contradiction the manager should clearly determine for himself the list of assignments which must be introduced into the "calendar" in order to control them personally. He should include the most complex and fundamental programs, especially if they have a significant amount of innovation and involve intersecting interests in various subdivisions. At the same time he must think about candidates for curators and the minimum of resources for them but will provide a guarantee of controlling the process of implementation. It is necessary to envision, in particular, the possibility for the curators to come to him for help without any difficulty. It would be expedient to stipulate the authority of the curators in a special standard. Curators, like all specialists, should be selected, trained, and developed.

#### Instead of a Conclusion

These are only a couple of approaches that are intended to provide for the formation and development in the organization of management relations that are free of the putrefying influence of the bacilli of "trivia." Certain readers will probably ask the question: Does the author not simplify the formulas for antitrivia too much? Is everything really so simple and trivial?

Of course not. It takes a large amount of painstaking work to create an effective management system. The experience of the Sumy NPO imeni M. V. Frunze gives us an idea of this. Before changing over to the conditions of self-financing and self-support, the Sumy workers spent two five-year plans carrying out an immense management reorganization: they created a comprehensive system of standards and methods which brings into a unified system all spheres of the life activity of the collective and also the complex of normatives of potential possibilities providing for a clear-cut statement of the goals for the subdivisions and an evaluation of their achievements in their work.



But if the change in management style were reduced to simply turning over advanced experience in the technologies of decision-making concerning individual issues, there would be no problem. The problem is that when the management relations themselves are affected, technologies are useless for they are not applied. Therefore the main problem we have tried to answer in this essay is: Where to begin?

We must begin with ourselves. In order to gain victory over "trivia" the manager must firmly say to himself: "Stop!" He must display a maximum of will and composure in order to stop and think about his own workstyle. The most precise and profound analytical reports and intelligent recommendations will produce no effect if they are brought in on a "saucer" by a hired specialist while the boss himself keeps his own convictions. The consultant and the adviser can help the enterprise only if the leader himself begins to generate ideas (with his prompting and assistance) and questions of improvement of management are primary for him. "Antitrivia" means primarily work on ourselves: courageous recognition of the blind alley to which our customary way of thinking and behaving leads us, and questions, questions, questions....

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### Story Writer Discusses Management Style

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[Interview with Anatoliy Shavkuta, winner of the Chekhov Prize for 1986 by EKO Moscow correspondent Lyudmila Khochunskaya: "Composing Verses and Making Decisions"]

[Text] A. Shavkuta is the author of several books of stories and tales who for a long time worked assembling technological equipment and complicated construction elements. His new story "Grafov and Others," published in the magazine *ZNAMYA* (No 6 for 1986) raises critical moral issues related to management style. The story centers around a well-known construction boss, the head engineer of the Grafov Trust, his work methods and their consequences. It would be worthwhile to give those who have not read the story an idea of these themes.

"He stepped out of a black Volga that had approached noiselessly and I saw a person of immense stature, confident, strong, in a black fur with the front open.... I rather sensed than thought of the natural biological force that resided in him. He asked questions quickly and precisely, looked keenly and attentively, grasped the information he needed from the world surrounding him, spoke loudly in the voice of a commanding general, and

strode along the pipeline with a broad, sweeping gait, having no concern about how the subordinates accompanying him would keep up."

This is the way we see Grafov at the construction site which he had come to shape up. But how is this done?

"At the first conference Grafov came down on the builders, on Mazayev himself (the head construction engineer), on the subcontractors and the clients with a terrible, all-penetrating force. 'What do you do here all the time?' he asked angrily. 'I have not been here for 10 months and nothing has changed. Have you been sleeping here or what?' Not a single one of his instructions was thoughtless, on the contrary, he had a rare knowledge of his business and each time he amazed his subordinates with his ability to figure out a situation in minutes.... He would arrive with an entire entourage of experienced staff workers of the main administration and the trust and immediately after including them in the concerns of the construction project he would sharply increase the rate of work—with a jerk, as though they had been shot out of a pistol. Telegrams went out to the cities where the suppliers of materials were, the telephones rang constantly, specialists arrived, quotas were removed from smoothly operating facilities—it was as though they had pulled a blanket off from the entire peninsula, stretched it out, and moved the relatively warm places here where it was coldest."

It turned out that one push was not enough. Grafov came the next time for a longer period and worked harder—the construction project was extremely important and the deadlines were pressing. "Of course things moved forward sharply, the pulse of the construction project again jumped to the limit, but now that there were many people at the construction site we began to get in each other's way in a hurry. It is very easy with an explosion to damage a trench around an installation crane or to block off a road. It is very simple to increase the number of people threefold or fivefold and devalue the past labor of a small collective and with immense sums wash away losses as with a wave, along with their efforts, savings, discipline.... is so simple to destroy their willingness to work...."

"'The winners will not be judged,' Grafov affirmed and threw more and more people into this pot...."

The direct and remote consequences of this style of leadership, this distorting influence on morality, the "opposing" atmosphere in the brigade that had worked under a unified contract, the colorful figures of the leaders and workers, and the descriptions of nature on the Kola Peninsula—all this makes the story by A. Shavkuta a remarkable phenomenon of that branch of literature which is called production literature.

[Question] Moral problems associated with management and economic life have been treated in artistic literature for a fairly long time. But in recent years it is as though

there has been a deepening here, a singling out of the key unit and a detailed investigation of it. New authors refrain from customary patterns, such as, say, he and she against the background of production processes, and they completely "dedicate" the heroes to their work. Your Grafov is from this new wave. So, Anatoliy Dmitriyevich, why have you turned to this theme?

[Answer] I am deeply convinced that the main reason for our situation today, the main reason for stagnation in the economy and social life, and the reason for the need for restructuring are rooted in the interrelations between superiors and subordinates. This is a large, multifaceted issue, but let us take this perspective: are engineers prepared to become leaders as soon as they leave school? Without any practical training, young people with diplomas have come and are coming to take charge of masters of their work, aces to whom they are professionally and morally inferior.... When they encounter life this generates in them a defensive reaction which most simply develops into a desire to stand their ground, to crush people.... The easy path gradually becomes the norm for behavior, the more so since it does not encounter much resistance and, the main thing, it is supported by the example of senior comrades who are willing or unwilling teachers.

[Question] Power over the business is replaced by power over people....

[Answer] Yes, and this is very difficult—to work under the leadership of someone who is beneath you in terms of knowledge and understanding of the work as well as moral qualities. I myself have been in such a position and I remember well the spiritual pain and indignation that tormented me. And from the outside it is also painful to observe how an intelligent and devoted person is tormented under the leadership of a fool.

A young person with a fresh view on life with more or less stable moral qualities cannot be placed under the jurisdiction of conservatives without difficulty and a serious internal break. This is an issue of state level importance. For if a person cannot find application for his energy, if he can't realize himself in a large cause, he will become disenchanted, and go out into daily life into various not very healthy diversions, into drinking.... In Grafov I wanted to discuss this: for tens and hundreds of thousands of people go to work and encounter routine and stagnation....

[Question] You said that the interrelations between superiors and their subordinates is a large and complex issue but you have considered only one aspect of it. But if you were to look deep into the essence of it, what would you see?

[Answer] Excessive centralization of economic and ideological life.... Even the most intelligent and the most talented person cannot know everything. Only everybody knows everything. And the more people participate in affairs, the greater the hopes for a correct solution.

If you look and see how Lenin prepared decisions, you can easily see his constant and deep interest in various opinions of various people. It is certainly no accident that he received petitioners. Not everyone knows that when he was introducing the NEP Lenin wrote letters to dozens of the outstanding economists of the world and they, in spite of their negative attitude toward our country, expressed their opinion. Lenin tried to expand as much as possible the number of people considering the problem. Unfortunately, the need to consult with the people has been forgotten by very many of our leaders. And without this the superior becomes a lord and master, a petty tyrant.

[Question] But yet with your Grafov it is like playing I Spy; they wait for him everywhere and believe that he will come and straighten everything out. And he actually does straighten things out.

[Answer] And he has doubts about his own method, although it is not difficult to see the harm from them and their amorality, if one may put it that way.

[Question] Still it is not quite clear.... Grafov is a brilliant, strong person and a powerful leader. But you condemn him....

[Answer] The fact is that the harm from him is greater now that he no longer meets the requirements of life. People like Grafov grew up during the war and after it, and out of nothing or, rather, out of enthusiasm alone they created miracles. Under extreme conditions, when it was a matter of life and death the main thing was to survive and maintain at any cost. Now problems must be solved in the best way, one must take remote consequences into account, see everything together, and take a comprehensive approach. "At any price" contradicts this approach. The economy has now grown a great deal and if something is gained in one place in another place much more can be lost. But the main thing is that people have changed. They have a high level of education and they want to be useful and affirm themselves. These people are the children of people like Grafov but they are not being allowed to make their contribution.

How can one not condemn Grafov? But it is also impossible not to see the entire drama of the Grafov generation. Having accomplished an immense task, having defeated the fascists at an incredible cost, having overcome the postwar destruction, they still worked productively for another 10-15 years.... I came to the construction site in 1961 and at that time there were still Grafov's there.... But gradually everything began to change: the economy became more complicated and people grew up.... But management methods did not change for after all they had shown their best side under the most difficult conditions. And here again there was the matter of age.... It is noteworthy that none of the largest transformations and none of the most complicated large-scale affairs can take place without the active participation of young people. The revolution was

accomplished by young people. The war was young and was won by young leaders: Zhukov, Rokossovskiy, Vasilievskiy and many others. Young leaders were working at the rear such as, for example, Shakhurin. Grafov was a youth during the time of the war. We have now ended up in a difficult position because during the past 15-20 years there have not been enough young people in our management posts and they have not played their role in the society.

[Question] Are you trying to say that the problem of the subordinate and the leader is also the problem of fathers and children?

[Answer] Of course! It is important to leave on time. Otherwise there is stagnation. And under conditions of rigid centralization this leads to terrible consequences. Boris Nikolayevich Yeltsin drew the attention of the Moscow community to the fact that the majority in the central ministries are working by their right of birth, by the right of being Moscow residents and not because of their business qualities. A mediocre person is frequently in charge of someone who is excellent. Some woman from the ministry invents some instructions and sends them to all the cities and villages. Then for purposes of control she requires an answer and gets what she wants. The information goes to the Central Statistical Administration. The people locally depend on workers of the ministries who influence the financing, the wage fund, the acquisition of technical equipment, the plans.... They are met and taken to all the local sites, given food and drink, and shown all kinds of respect, but they are not respected. A scornful attitude toward the central apparatus is growing from year to year. The cause is suffering. The soul is suffering.

Decentralization of authority while retaining the foundations of socialism—this is something we need very much. In the latest party decisions the idea of democratization and decentralization is raised in an extremely definite way. And indeed, if one is to look at any phenomenon of our recent and present reality, one can see its link to the problem of centralization-democratism. It might be overt or concealed, but there it is....

Drunkenness, I repeat, is caused not least of all by the fact that people are not allowed to leave unworthy employment. The same thing with divorces...there are about 800,000 divorces a year in the country. And how many thousands of fathers without children and children without fathers does this mean? As though there were a war.... Where does this come from, this mass abandonment by fathers and betrayal of elderly parents by children?

I have been in the GDR and have seen things that are unusual to us. In the stores there are storage lockers—there is no need to carry those heavy bags around. Downstairs there are children's strollers; it turns out that for 20 pfennigs they will watch your child while you do your shopping. Our newspapers have been harping a lot

on making it easier for the population to turn in glass containers, but in the stores of the socialist countries they will take any jar or bottle, and not just milk bottles. When you come up against such trivia every day you understand how much time is being stolen from us and what a lack of respect is being shown to us. With all these unnecessary concerns we stop living, we have physical and nervous fatigue, we cannot think, the light in our soul dies out. There are a multitude of conflicts that can be resolved only with time. A mother must learn her purpose, learn to be needed by the child, understand him, understand herself and her husband. The same thing is true of the husband.... But we are all driven, we run to and from work. Why is it absolutely necessary for us to be there by 8 a.m.? Why does the chief of the personnel division stand at the entry? After all, if later I spend a half an hour smoking a cigarette, no supervisors pay any attention to that....

Is this a social problem? Yes! Economic? Yes! Management? Yes!

Along with other problems and with this same dissatisfaction with work, this problem generates alienation in us and spiritual blindness. We lose the possibility of interpreting the causes of our passions, of recognizing our guilt and wrong behavior, and we cannot correct it. We lose our morality and along with it we have more severe neuroses and diseases. Therefore all economic reforms and all restructuring should be directed toward only one goal—toward man. And not in general, but concretely....

I shall give another example—from an area that is close to me. Mass work—writing orders. I once calculated that if 3 days a month were devoted to orders, during the 17 years of my work in construction this would take away a year and a half. So much time I have not been living. In which battle did they put me out of commission? What radiation affected me? Senseless writing of orders "gives work" to tens of thousands of people. And yet every manager knows precisely how much the work will cost and how much should be paid for it. And the worker knows this too. They vary on the average. If the average limit is 12 rubles, the best brigade will receive 14 and the worst—10 rubles. But what kind of caricature is taking place, how much paper is wasted, how many trees are cut down, how much time is spent in vain.... It is an economic problem, but at the same time it is a moral one. A lack of trust in people—this is why orders continue to exist. Hence also the immense army of inspectors, the numerous commissions that take people away from their work....

And at the same time there are positive examples. I shall give one from my practice. It was necessary to release an object in a hurry. The deputy minister arrived and gave the section chief 10,000 in cash or "special-purpose expenditures." They paid on the spot, without any orders. And they received a result. Why do we not have this confidence in the everyday situation? Is it not

because the order is a kind of whip? All the worker has to do is to try not getting along with the boss and the boss will tell the supervisor: "Cut his earnings as much as you need to." That means write down the formal minimum. This kind of whip is used by the poor manager and it conceals his inability to evaluate work correctly, his ignorance of the true state of affairs, and his inability to work with people. But still they do not trust him and he does not trust the worker. And the worker, in turn, deceives him and does sloppy work. Excuse me, but each is making a full of the other.

Normal, "sober" managers introduce their own norms which have nothing to do with the official ones. So life itself suggests the solution: abolish the system of orders, leaving chronometric and standard norms.

[Question] Anatoliy Dmitriyevich, the subject for a writer does not fall out of the sky. He brings it forth, he suffers with it just as you suffered with that which was expressed in "Grafov and Others." But Grafov is no longer necessary. But what is necessary? Do you have a contrasting experience?

[Answer] If I did not I would perhaps not have dealt with Grafov. I think that I have been very lucky in life. I immediately ended up in one of the best construction organizations in the country—Trust No 7 of the Ministry of Installation and Special Construction Work. For about 40 years now it has been headed by Vladimir Stepanovich Lyakhov—a winner of the Lenin Prize and Hero of Socialist Labor. Although I, a simple foreman, was initially a long way away from him, he taught me and I was taught by legends about him. These legends formed a very unusual portrait of a manager, but when I came to know Vladimir Stepanovich personally, I discovered that the legends had in no way embellished him. Then I worked with other people and could compare.

Lyakhov is distinguished by his strategic, state-like thinking. Trust No 7 participated in the construction of installations for extracting petroleum in Baku, the Tatar ASSR and the Bashkir ASSR. When KamAZ appeared Trust No 7 was transferred to Naberezhnyye Chelny. Participation in solving the latest problems provides immense experience. But that is not all. About 15 years ago he began to construct sanatoriums for his workers. They were excellent, wonderful sanatoriums. They said to him: "Why are you doing this? Just throw out some barracks by the sea and everyone will be satisfied." But Lyakhov knew what he was doing. Now he is about 15 years ahead of his time in terms of his social program. He not only makes demands, but he also gives. Perhaps he even gives more than he demands. Is there any need to say how this concern for people is returned?

One time some representatives of English trade unions came to the sanatorium of Trust No 7 and they could not believe that all of that was for the construction workers. They wanted to see the calluses on the hands of the vacationers and asked to see a pipelayer or a welder.

Lyakhov also has other interesting qualities. For example, in addition to everything else, he is an artist. Once I saw him in a conversation with one Kazakh colleague and it seemed to me that Lyakhov's eyes became narrower and he developed an accent. One had to see this. Lyakhov has excellent taste. In that same sanatorium every detail is thought out. In the bath the floors are heated and the walls are also warm. The lights by the mirrors are in the form of icicles. Once he saw a House of Creativity in the Baltic Area, he took the plan and redid it, and then he found a brilliant artist and an excellent head physician for the sanatorium. The kindergarten and the Pioneer camp are all of the highest quality.

But the main thing is still that Lyakhov works with people, he understands them, and he is concerned about them. He engages them in installation itself to a much lesser degree. People with him feel like they are protected by a stone wall. If someone is ill, he gets all the physicians on their toes....

During the years when he was working as manager, not a single person was fired from the trust. There was a case when he stopped speaking to one young specialist who conducted himself inappropriately with people. After a certain amount of time this young person brought in his resignation. "Why did you decide to leave?" "Because you do not say hello to me...." That was the highest measure of punishment.

When you work with such a person you see the heights one can achieve. The people who grew up around Lyakhov and under his leadership themselves began to be transformed into legends. With such people you never stop developing, you are always keeping up with the times. Fools grow old.

[Question] In the story "Grafov and Others" you recall the Chinese "Golden Age" of U-Du. Then it was necessary for a bureaucrat holding any kind of important state post to be able to write poetry. Why did you bring up this fact?

[Answer] With an educated manager who understands and has a feeling, for example, for poetry, it is unnatural to act like a lackey. Naturally, for his part acting high and mighty is excluded as well. A person who senses the beauty of the world cannot violate it nor will he violate the harmony of relations among people. And this is now the most important thing.

There was a case in Lithuania. A tree had grown up next to a kindergarten that was under construction. The bulldozer operator discovered it when he was digging a hole for the foundation. He stopped and went up to the supervisor. The supervisor went to the section chief, he went to the chief of the administration, and they went up to the mayor of the city. He came with an architect, stopped the work, changed the plan, moved the building aside 2 meters, and they saved the tree. Everything is

very simple when a sense of the entire world imbues a person through and through. It is another matter when you have a narrow "technician" who lacks all of that and performs only his concrete "small" task. But since technical equipment frequently subordinates civilization, this becomes a disaster. So if one is to speak about the "Golden Age," in other words, spirituality, it must be everywhere and in everyone in our state. The manager must see his subordinate's face, his spiritual condition, he must see when a person is ill or burdened with sorrow, he must not pile work on him or be too strict with him and not report him. Another person must not be simply a different, closed person; he must have the keys to the human souls.

[Question] We now frequently say: "The manager must be such-and-such." What conditions must be created for the manager to have the opportunity to be like Lyakhov? What does your past experience as a manager and your present experience as a writer tell you?

[Answer] At the beginning of 1985 I was in Tyumen, where five large plants were operating without directors—nobody wanted to take these positions. There is another problem for you: people are not attracted to the director's chair. Because up to this point the manager of an enterprise has been bound hand and foot by all kinds of prescriptions from above and the impossibility of solving the problems of one's own enterprise oneself. The power of the manager lies in the ability to make decisions on the spot and intelligently. Frequently the most rational solution is innovative in its content. And so there immediately arises an internal conflict between "I should because I consider this right" and "I do not have the right according to instructions." For the formal "master" of the enterprise is actually not the real one. In other words, he has responsibilities but no rights. I would say that it is necessary to restore justice for the manager so that he, armed with his authority, can also be armed with confidence, that is, the society should create conditions for the manager whereby he can fully realize his capabilities and his needs as a manager. For example, Academician M. I. Kuzin, director of the Institute of Surgery imeni A. V. Vishnevskiy, shared this problem of his with me. His teacher, a famous surgeon, Hero of Socialist Labor, State Prize winner, Academician N. N. Yelanskiy, bequeathed the institute 10,000 rubles. M. I. Kuzin wants to place this money in a special savings account so as to institute a bonus in the name of his teacher and each year take, say, 300 rubles to reward the winner of this prize. This would be a great incentive for the workers. But he is forbidden to do this: it is not provided for. They suggest that he deposit it in the general account and include this actually dedicated money, say, along with expenditures on sewerage. This is simply an outrage against the memory of the scientist and the feelings of his students.

There will be a reform for managers only when they have money in their hands and are told: "You are the master of this." But what is the use of all kinds of inspection

teams where a person with narrow qualifications judges a manager who has jurisdiction over several thousand people and immense, extremely complicated production. About 15 years ago data were published about the fact that we have 1.8 million bookkeepers and controllers in the country while the United States has only 150,000.

[Question] Expanding the rights of the manager.... The need for this step now seems to be generally recognized. But will this not lead to abuses on the part of the manager? To a larger number of conflicts?

[Answer] It could lead to this if we do not work on this problem and do not educate the manager and the subordinate in the spirit of democracy and mutual respect. One of the reasons for the frequent conflicts, in my opinion, is that the two sides frequently do not know their rights. And then a person who has been given authority thinks that he has more rights than he actually has, and the subordinate party, as a rule, sees his rights as less than they are. The struggle between professionalism and nonprofessionalism will be a long one. But it will proceed in a different way if people know their rights in each specific case and, of course, also their responsibilities. Here we have a very large amount of work to do—for publicity, clarification of the laws and, which is no less important, for reducing them to more clear-cut formulations. Frequently a manager tries to reduce the requirement of the law to purely moral argumentation. "You should work Saturday because you should be conscientious." Hence the frequent conflicts because the juridical law and the moral necessity are not the same things.

[Question] Anatoliy Dmitriyevich, are your creative plans affected by the decisions of the January Plenum of the Party Central Committee, which was devoted, one might say, to your subject—personnel problems?

[Answer] A writer who claims to be ready to respond to any decree is either hypocritical or stupid. Writers, along with social science workers, economists, representatives of the arts, sociologists, ideologists, and business people, participate in the creation of an atmosphere that precedes any decree. And here literary people have an undoubted advantage. A writer can have his say before others do. Not because he is more intelligent, but because, by bypassing all stage of formalities that exist, for example, in science and business practice, he can express himself about what is bothering the society. Just as a child who perceives the world without conventionalities, purely and inquisitively, frequently stumps adults who have lost this fresh view in the bustle of their adult lives. This pertains to rank-and-file writers like me. An important writer is generally always ahead of his time. And not because he can see so clearly. He defines all the best with sensitivity, he can hear inside the volcano, he is free in spirit and dispassionate. He is capable of speaking without asking for permission. To write differently after the January Plenum than before it means to lie. Literature should respond only to signals from below—from

the masses. Reducing literary mastery to superficial publicity, a servile readiness to participate in campaigns and so forth have led to appreciable losses of the authority of literature and to signs of devaluation of its high significance in various segments of the society.

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### **Late Scholar Karagedov Remembered**

18200047k Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 12, Dec 87  
pp 130-133

[Article: "R. G. Karagedov—Approaching Restructuring"]

[Text] With all the shortcomings of economic science and with its considerable debt to society, one must understand that the process of restructuring that has taken place now would be impossible without the significant reserve that science has accumulated over past decades. Part of this reserve is the legacy of Raymond Gareginovich Karagedov—an outstanding Soviet economist who died in 1987 and was associated with our magazine from the very first issue.

These notes are not an obituary but a summary of impressions and opinions about an eminent scholar that were written down by editors during meetings with people who had known him well over many years.

What was the range of scholarly interests of Professor R. G. Karagedov? His main areas were theoretical analysis of the categories of economic effectiveness and profitability of enterprises, their measurements and the development of methods of economic stimulation based on them. He developed ideas about the relationship between indicators of effectiveness and profitability of the socialist enterprise, on the coordination of general and local criteria for the optimum of economic systems, principal bases for organizing economic incentives with various systems of management of a planned economy, and methods of financial interrelations between enterprises and the state. These results helped to develop a new theoretical approach to the problem of the organization of cost accounting.

R. G. Karagedov's research for analyzing the economic results of the economic reform of 1965 in USSR industry and evaluating its effectiveness are widely known. He conducted a questionnaire of economic leaders concerning the course of the reform, and under his leadership an automated system was developed for analyzing the results of the work of industry in an economic rayon. It was necessary to overcome dogmatic ideas and stereotypes that had taken form in economic science regarding this problem, and courage was necessary in order to

defend the results that were obtained. The results were important scholarly papers submitted by the Institute of Economics and Organization of Industrial Production of the Siberian Branch of the USSR Academy of Sciences, where they were written, to directive agencies.

R. G. Karagedov is also credited with work on foreign economics containing critical analysis of the theory of "The Economics of Prosperity" and investigation of the economic mechanism of European socialist countries. He visited Hungary many times, studied new phenomena in the Hungarian economy, and participated in congresses and conferences.

Under Karagedov's leadership work was conducted on constructing imitation models of the functioning of an industrial enterprise. He was a specialist in economic and mathematical modeling but was also excellent at figuring out the essence of this phenomenon and persistently warned against purely methodological attraction to it. Raymond Gareginovich showed a large interest in program-target planning and system analysis, and he always strove to understand the essence of economic processes that were taking place. The eminent Hungarian economist J. Kornai valued his work highly. One could perhaps even draw a parallel between their approaches: first to see how the phenomenon under investigation develops and then give recommendations about how to control and change it. He considered economics to be the same precise science as physics and mathematics and did not like to go beyond the framework of a strictly delimited range of scientific axioms and presumptions.

Being a type of erudite scholar, he read a great deal and kept up with all the periodicals, and in this, strange as it may be, lay one of his weaknesses. Discoveries are frequently made by people who are not the most erudite: it is impossible to both read a lot and write a lot at the same time; time is a limited resource. He himself paid for his erudition by the fact that, while he had the powerful destructive force of critical analysis of economic phenomena that he observed, he was weaker in formulating a constructive program, apparently because he had no time left for this. In the mercilessness of this analytical approach lay also the innovation which impressed the community. He was like the upper rung on the ladder which attracted everyone around.

It is always difficult to speak about a man who has been well-known and esteemed in the past. This is especially difficult with respect to such a brilliant and vital person with his peculiar sense of humor as Raymond Gareginovich was. It is painful that death took him just as the ideas for which he had thought all his life had received general recognition: the major role of economic methods of management, expansion of the independence of enterprises, and strengthening of the role of complete cost accounting. Only now does one understand that it is because of the many years of efforts of economists like Karagedov that the soil was prepared for restructuring.

Turning to the biography of the scholar it is appropriate to recall that in 1942 he volunteered for the navy and participated in the military actions on ships in the Black Sea and Baltic fleets during the years of the Patriotic War. After the war he completed the financial faculty of the Azerbaijan State Institute of the National Economy and worked for 7 years in financial agencies and industry in Baku while at the same time he taught economic disciplines and then entered graduate school at the Institute of Economics of the USSR Academy of Sciences in Moscow, defended his candidate's dissertation, and worked as a senior scientific associate at the Institute of Planning and Normative under the USSR Gosplan. The Siberian period of his life begins in 1966: work in the Institute of Economics and Organization of Industrial Production of the Siberian Branch of the USSR Academy of Sciences as chief of the sector for economics of the industrial enterprise. He defended his doctoral dissertation, collaborated on work at Novosibirsk University, and gave courses entitled "Finances of the USSR" and "Effectiveness of Socialist Production." In September 1985 he moved to Yerevan and was appointed director of the Armenian Branch of the All-Union Scientific Research Institute for Studying Demand of the Population for Consumer Goods and Market Conditions.

It is difficult to say all that is worthy about a person in just a couple of words. The scientific honesty and courage in defending his ideas, which have not always been in such a steam as they are now, the exhaustive study of Soviet and foreign sources, knowledge of modern production practice and, of course, a rare love of work and a sense of responsibility for everything he said and wrote—these features are recalled by everyone who knew him.

They might say that he was not the easiest person to communicate with: he always placed extreme demands on the people who worked with him. Not everyone could stand up under them and therefore relations frequently did not develop. But, still, the same requirement he made on colleagues he would first place on himself.

Time was his main resource: he valued his own and others'. He always spoke honestly when he could not help someone because of his own work (he answered requests immediately, without putting them off). Other people might promise to do something they knew they could not do and then postpone the matter. Therefore some people considered him a rigid, callous person. But still he would always try to find some of his valuable time to help others.

Everything he took on he did on a high level. Professionalism was another one of his qualities. He could not stand dilettante ideas about "economics in general." He attentively listened to them without interrupting the other person and then with sarcasm and brilliance he would tear apart all the arguments. He was an inveterate polemicist. Everyone knew that if Karagedov were in the

conversation it would be interesting and they would go for Karagedov. An orator like him had to be seen and heard: he shone not only with scientific erudition, but also in the areas of literature, art, and history.

After such high evaluations you can see the ironically smiling Raymond Gareginovich: "So this is how remarkable I was and—everyone liked it, of course?" Not everyone. Some people became offended in the heat of the polemic, but it was always in search of the truth.

He was a very vulnerable person with a high, as it were, sense of his own worth. And therefore life was not easy for him.

Karagedov participated actively in the training of the new scientific generation—candidates of economic sciences—and he consulted with doctoral candidates. Sometimes to be worthy of his criticism is the same thing as earning praise: it means that there was something to criticize! In the broad sense the "Karagedov School" means the ability to work the way he worked, with the same care and persistence. Many who worked alongside him considered him to be their teacher.

A man's life does not end with death. He continues to live in the memory of people, in the ideas of his students, and in his books. Now is exactly the right time to reread the books of Raymond Gareginovich Karagedov. In this issue of EKO we are offering for your attention his reflections on the book by J. Kornai, "Economic Deficit," in which ideas close to those of Raymond Gareginovich are expressed.

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#### **Karagedov Reviews Monograph on Deficit Economics**

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[Article by R. G. Karagedov: "Deficit Economics, From the Pages of the Book by J. Kornai"; first two paragraphs EKO introduction]

[Text] Today we are continuing to familiarize our readers with the works of the well-known Hungarian economist Janosh Kornai. In EKO No 9 for 1987 we published a chapter from his book entitled "Contradictions and Dilemmas" which he called "The Health of Nations." The monograph entitled "Deficit Economics" (1980) was not translated into Russian and therefore the article by R. G. Karagedov is of special interest.



While forming a new economic mechanism and seeing clearly the negative aspects of the one that has developed, we do not pay enough attention to the theoretical aspects of the replacement of the one by the other. It is not enough to list the shortcomings that are on the surface. The article offered to the readers here is one of the attempts to figure out the essence of economic processes that generate these shortcomings. J. Kornai's idea is not indisputable but it provokes thinking and to a certain degree helps in looking for effective methods of management of the socialist economy.

In the monograph "Deficit Economics" J. Kornai develops ideas he raised in preceding works.<sup>1</sup> But in it they are reduced to a system, a fairly complete theory that makes it possible, in the author's opinion, to explain the major peculiarities of the functioning of a socialist economy. To explain: J. Kornai claims to present not a normative theory but a descriptive one.

At the center of his attention is the problem of the lag of supply behind demand, and strain in the markets for means of production and consumer goods, which causes strain in economic development as a whole. It is from this point of view that he considers production, distribution, price setting, finances, monetary circulation, "household economics"—practically all the basic variables in economic life. The author thinks that this problem is the key one for understanding the internal laws and tendencies of economic development in the countries of socialism, analogously to the problem of underutilization of resources (mainly unemployment) for capitalist countries. Here he strives not only to explain the causes of the chronic shortage of resources (and economic goods in general), but also to show how they affect various aspects of the economic life of the socialist society.

The following are carefully worked out in the book: the methodology for investigating economic systems and mechanisms for managing them, which describe their models, variable and constant parameters of these models, the system of feedback and behavioral characteristics, and possibilities of observation and measurement of the phenomena and processes under study. The proposed methodology is consistently applied to an analysis of the basic subject of the monograph—the shortage of economic goods.

The concept of the functioning of the socialist economy formulated by J. Kornai is extremely original and therefore it cannot be discussed in terms of existing economic theory. New categories and concepts are introduced and new analytical devices are applied—these are both the stronger and the weaker aspects of the book. There is no doubt about the fundamental nature and depth of the analysis or the difficulties in verification and substantiation of the hypotheses with factual material. The author can hardly be blamed for the latter—the appropriate statistics simply do not exist. To J. Kornai's credit, in each case he brings the presentation to the point of

substantiation of the possibilities and measurement of the described phenomena. An eminent mathematician and economist, in this book he gives mathematical proof in the appendices, and in the text itself he uses elementary models, formulas, and graphs that are accessible to a broad range of readers.

The point of departure for the analysis is a concept introduced by the author of the "normal condition" of the economic system, which is principally different from the generally known "economic balance." In his preceding works J. Kornai criticized the concept of static free market equilibrium (Walras-Arrow-Debreu) for the unfeasibility of its axioms and prerequisites. The typical condition of any economic system, he pointed out, is disequilibrium, that is, lengthy and unidirectional deviation from equilibrium.

In developing this viewpoint, in the monograph "Deficit Economics" he clearly formulates two basic types of disequilibrium—for capitalist and socialist economies, which are recognized as the normal conditions of the systems. By "normal" he means a condition toward which the system is drawn under the influence of its immanent forces. J. Kornai develops a theory according to which normal (in this sense) for capitalism is a chronically low degree of utilization of the production capacities of the society (including incomplete employment) which determines also the low rates of economic growth, but for socialism, conversely, it is high rates of economic growth restrained only by a chronic shortage of resources (including labor). The book under review is devoted to a detailed substantiation of such a "disequilibrium" model of the functioning of the socialist economy.

The conceptual apparatus used by J. Kornai is largely original. First of all it is fair to note that such traditional concepts as the actual demand, the cost of equilibrium, and surplus supply are suitable only in the special case of a decentralized market in which the prices are the main source of information. But they cannot be used for describing other types of markets and management mechanisms, for instance, under conditions of centralized distribution of resources. Therefore a system of more general concepts is introduced, one which separates the initial intentions of the participants in market exchange from their actual realization. These intentions and their realization more or less coincide only in an economy that is working under conditions of so-called "pressure" (supply exceeds demand). But they are significantly different in the so-called "suction" economics when the supply does not satisfy the demand and the actual purchases reflect not the demand, but sales that are distorted by forced replacement. The same thing is true when there is a divergence between the desired and actual volumes of production. The difference between the desired and true levels of supply (production) characterizes the strain on supply (production). Models of "pressure" and "suction" occupy an important place in



the book and they are used to explain many significant peculiarities of the functioning of the socialist economy (as distinct from capitalist).<sup>2</sup>

Let us consider another important peculiarity of the method applied in the book. Scientific literature usually distinguishes (frequently juxtaposes) two methods of economic regulation: decentralized (using market, price means) and centralized (which applies nonprice means, particularly straight directives). J. Kornai gives a third method—decentralized regulation by means of nonprice signals. Participants in economic processes, he correctly notes, react not only to market signals (prices) and straight directives from above, but also to information on the availability of resources (including work force), the technical possibilities of their mutual replacement, the level of supplies, the condition of the portfolio of orders, and so forth. This information is extremely significant in any system. The author calls its regulatory function “vegetative” by analogy with the function of the vegetative nervous system in highly organized organisms. Vegetative control plays an especially important role in the “suction” economics when a chronic shortage of resources and consumer goods forces both the producers and the consumers to actions that cannot be explained from the standpoint of the generally recognized regulation mechanisms. It makes it possible in and of itself, without bringing in other figures, to explain many economic processes and the motivation and the actions of individuals participating in them.

The book consists of two parts of approximately equal volume. In the first deficit is investigated with the help of an abstract model of the economy which ignores categories of commodity-monetary economy (profit, prices, wages and money in general). They are not included in the analysis until the second part. Why? The main reason emphasized by the author is that now (the analysis ends with the 1970's) in the economic mechanisms of the socialist countries the significance of these categories is relatively small and a more essential role is played by nonmarket, “vegetative” control. Moreover, more and more recognition is being given to this kind of control in nonsocialist economic systems. Thus J. Kornai, on the one hand, claims universality of the theory he formulates and, on the other, wishes to demonstrate the possibility of describing the basic aspects of economic regulation in a socialist society without the help of market categories. It seems to us that he has succeeded completely in the latter.

### Three Negative Tendencies in Socialist Economics

The first section of the book begins with an analysis of the behavior of an abstract firm that is working under the conditions of the usual restrictions (on demand, finances, and resources). True to Marxist methodology, the author asserts that it is precisely in production that one finds the deepest roots of the chronic lag of supply behind demand. The primary reason for the lag (this idea is seminal in the book) lies in the character of the

restrictions that impede the growth of production. For a classical capitalist firm, writes J. Kornai, these restrictions are demand and financial possibilities, and for the traditional socialist economy they are the physical volume of resources. It is not that a socialist enterprise does not have restrictions on demand and finances but that, as a rule, they are formal.

An enterprise that enjoys the constant support of the state (like children who receive assistance from their parents) can practically always count on the necessary monetary funds for acquiring materials, equipment and other resources if the latter are available and can be utilized for production. Product sales are also guaranteed (with a constant shortage of them and the more so with the assignment of consumers to suppliers). Therefore the only real restriction on the growth of production is created by resources. This hypothesis is supported by assumptions and conclusions which in their totality form a fairly well-arranged theory of the functioning of the economy which is limited in its development only by the constantly reproduced shortage of resources.

The practically unrestricted striving for increasing production is the initial cause of the shortage of resources. How does one explain the drive of economic leaders for “quantity”? Among the basic motivations for it J. Kornai names the desire for stability of production, material and moral incentives, and prestige considerations. An appreciable role is played by the hierarchical structure of management: a manager who has been appointed to a position and is evaluated by the higher agencies strives to justify their expectations which, as a rule, involve a maximum growth of production. In the same area there is directive planning when the agency establishes for the enterprises high assignments with respect to production volumes (taut plans). Incidentally, in the opinion of the author, the main motivation for the “drive for growth output” is the first of the aforementioned. For the majority of people perform their work properly and without any special motivation, but the desire of the director of a socialist enterprise to increase the output of products necessary to the society is simply natural. The main thing here is not which of the motives for increasing production plays the leading role, but with the existing economic mechanism there are no countermotives that operate in the opposite direction. The constant desire to increase production volume encounters only one “bottleneck”: the physical volume of resources which is “expanded” by each manager in accordance with the existing possibilities, and sometimes even in spite of existing legal provisions.

A shortage of resources assumes various forms. For example, in capital construction one experiences a constant “investment famine.” It is difficult to imagine a director who voluntarily refuses capital investments that are offered, since these investments are a reliable means of increasing production volume and fulfilling all assignments. A capitalist firm has a principally different situation: when making an investment decision it must

clarify its own financial capabilities and the demand for the products projected for output. But in a socialist economy (if it is true to the hypothesis of a universal desire for increasing production volumes) the demand for capital investments is also not limited in practice, but the overall supply of them is limited. As a result there is a constant tension in the investment sphere. It is expressed, in particular, in increased orders for capital investments which determine the increased demand for construction materials, equipment, and so forth. Branches of the investment complex, in turn, plays the corresponding demand on the means of production and the work force. And this is the economy of "suction": a multitude of pumps are formed which "pump out" products from the producer; this system is always reproducing itself since there is no limit to the saturation of the demand—the desire to increase production remains regardless of what level it reaches.

The tendency toward increasing orders for capital investments is obvious, J. Kornai notes. No less obvious is the lack of countermotives to limit it. A construction object that is included in the plan one way or another, stably or with interruptions, will still be provided with financing—the enterprise is confident of this. Capital investments do not involve economic risk since their enterprises are practically not linked to the incomes of the enterprises. Under these conditions any capital investment that contributes to expansion of production is effective for the enterprise. Moreover a considerable share of the investments are made through budget and other centralized sources of financing and therefore the enterprise considers them simply a "gift" from the state. Bankruptcy of an enterprise is impossible.<sup>3</sup> All this explains the "investment famine"—a phenomenon which in and of itself is sufficient for forming a chronic shortage of resources.

The two constant tendencies—the drive for quantity and the shortage of resources—are combined in the model of the mechanism formulated by J. Kornai with a third one—the accumulation of reserves. They form a vicious circle. The practically unlimited demand for products which is increased by the shortage leads the enterprise into a drive for quantity. The uncertainty of the supply of necessary resources forces it to create above-normal supplies. The latter increase the shortage of resources, thus increasing the demand, having served as the primary cause of the drive for quantity. Thus the drive for quantity, increased supplies, and deficit are combined into a self-generating process. And this is an internal law of the system which can be made less rigid, but cannot be eliminated by administrative measures. One of these measures is centralized material and technical supply. It does not solve the problem because, in the first place, the enterprises can influence (and do influence) the decisions of the central supply agencies; second, they always have a certain amount of freedom within the framework of centrally distributed, inevitably grouped products on the list. This means, J. Kornai points out, that this law will be enforced as long as the current motives for the

behavior of economic leaders remain. The merits of the economic mechanism under consideration are that it provides for steady growth of public production as a result of a high degree of utilization of resources. In particular, the greatest conquest of the socialist society is complete employment and elimination of unemployment. But this economic mechanism has its "dark" side. This is shown in detail in the monograph, but we shall discuss only a couple of them.

### Consequences of a "Deficit Economy"

At the microeconomic level of analysis (it predominates in the book) one considers the production unit that operates under conditions of a shortage of some of the resources envisioned by the technology. At the same time there can even be a surplus of certain kinds of them. This situation is considered typical: a surplus of one resource frequently arises as a result of a shortage of another. For instance, because of the absence of a worker the equipment stands idle or the lack of auxiliary materials makes it impossible to utilize basic raw material that is available.

A shortage of any one material can be sufficient or the corresponding laws of adaptation of the production unit to go into effect for the shortage. The first form of this kind of adaptation, according to the author, is the limitation of the production volume by the shortage of the resource, a "bottleneck." The second form is forced replacement of the material that is in short supply with another material that is available. If the latter is of a better quality and thus more expensive than what is required by the technology, the losses for the national economy are obvious. If it is of poorer quality, there is a savings on material expenditures but at the same time the production quality deteriorates. It is the deterioration of quality that J. Kornai considers to be one of the most important economic consequences of the shortage of resources. The third form is a forced change in the planned assortment of products, which entails a shortage of the corresponding resources for the consumers of the given product.

The forced replacement of resources is frequently caused by their irregular arrival. For instance, materials that are necessary in the first 10 days do not come until the third 10-day period. Production cannot be stopped and therefore in the first 10 days the necessary materials are replaced and in the third 10 days there is overtime and shock work.... The shortage of resources is accompanied not only by material losses, but also by psychological consequences. In particular, there is a change in the nature of the work of the managers and they become like dispatchers who are constantly in a state of tension overcoming endless supply difficulties. A shortage of resources creates an atmosphere of tension in production, it provokes conflicts and stress, and it distracts leaders at all levels of production from their major tasks—improving technological processes and improving product quality.

While attaching a great deal of significance to the problem of quality, J. Kornai asserts that the economy of "pressure" (supply greater than demand) creates much greater incentives to improve quality than an economy of "suction" (supply lagging behind demand). Based on the Marxist tenet concerning the decisive role of production with respect to the consumer, he points out that the development of production is practically always closely linked to the application of new machines and materials. But these are introduced not by the consumer but by the producer. Hence the conclusion: among the numerous factors that determine the rates of progress, the key one is the motivation of producers to update the assortment more effectively. In an economy of "pressure" the significance of this factor is shown in full measure: the producer wages a competitive struggle for the consumer, improving quality, assimilating the production of new products, and creating new demands and markets. In an economy of "suction" such stimuli are much fewer and therefore there is a slowing down of the qualitative updating and development of production. In one of his articles J. Kornai pointed out that the most important nonmilitary inventions and "revolutionary" products, with rare exceptions, have appeared in an economy of "pressure."

A large role in the concept developed by the Hungarian economist is played by the idea he formulates of "asymmetry" in the position of the seller and buyer in any market. In "pressure" economics the seller is forced to look for the buyer and advertise his products in all ways. Under conditions of "suction" the roles change: the seller can allow himself to be inattentive to the buyer and ignore his demands; "suction" forces the latter to agree to almost any demand and make the necessary changes. He is also given a disproportionately large share of the information activity and is constantly in search of the necessary products. A shortage of products forces him to resort to rationing, which requires additional outlays.

The negative effects of strain in the investment sphere are unique. Tension here, on the one hand, means a practical lack of the necessary reserve of capital investments for unforeseen needs and on the other hand it presupposes a constant shortage of certain kinds of products of branches of the investment complex along with unutilized reserves of others. A shortage of capital investments generates inefficient forms of their distribution. There is a prevalence of distribution "according to the previous quota," which freezes the existing production proportions, and not a selection of the most effective construction plans. This practice is abandoned only when the shortage of some product assumes threatening dimensions and crosses "social limits of admissibility."

#### **Deficit Taking Into Account Commodity and Monetary Categories**

In the second part of the book categories of commodity-monetary economy are brought to bear on the explanation of the mechanism for the functioning of the socialist

economy. Here he substantiates the central idea that the influence of prices, profit, wages and other economic levers on the behavior of participants in economic processes is secondary and the major role belongs to "vegetative" regulation.

This idea issues primarily from the hypothesis about the nonrigidity of budget restrictions of the socialist enterprise. Kornai notes that practically all the basic theorems of microeconomic theory rely on the presumption of a rigid budget restriction. This means that in competitive conditions the firm does not influence the prices and must adapt the volume of production and the structure of expenditures to them, that it does not receive outside subsidies and tax breaks, and that it does not bear economic risk, briefly, the relationships between its own income and expenditures for it is a matter of life and death. Under these conditions the firm's demand for means of production is a final amount which depends essentially on prices of means of production and prepared products.

But the author continues by pointing out that these presumptions are justified only with respect to the "classical" capitalist firm of the past century. Large modern corporations, as a rule, do influence prices, they have state subsidies, and the tax and credit systems have become much less rigid. Even less rigid is the budget restriction for the socialist enterprise whose survival and growth do not depend directly on its own income.

Nonrigidity of the budget restriction means that it does not determine the behavior of the socialist enterprise and therefore the demand of the latter for means of production is practically never satisfied. Indeed, most of the profit is distributed among socialist enterprises through the finance and credit system. The enterprise finances only an insignificant part of the capital investments from its own income. There is no positive correlation between the profitability of the enterprise and its capital investments. A radical redistribution of these is one of the major reasons for the softness of the budget restriction.

J. Kornai includes among the more important motivations for redistribution of funds the desire of the state to provide stable conditions for the production of each enterprise and the socialist principle of distribution according to labor. The state actually plays the role of a universal insurance company that compensates the enterprises for losses so that there is no need for them to fight for survival. And the principle of distribution according to labor justifies only those differences in income which do not depend on the objective differences in production conditions. Other differences are smoothed out through state subsidies, the price policy, and so forth. Moreover, the desire to equalize incomes means that incomes that are too high are not allowed.

The effect is contradictory: such an equalization responds to a sense of justice of the majority of the people and at the same time reduces the stimulating role of profit and prices.

The author uses the nonrigidity of the budget restriction also to explain the weak reaction of the enterprise to a change in prices of means of production and products. For example, an increase in prices for raw and processed materials does not necessarily limit the enterprise's demand for them as would follow from classical microeconomic theory (the income effect). In reality this demand is not elastic as compared to prices and is regulated mainly by nonprice factors. The same thing pertains to the "replacement effect." And so the real demand for means of production is the result of the effect of both price and nonprice factors, and their relationship depends on the degree of rigidity of the budget restriction.

The influence of prices on the behavior of the enterprises is weak. In standard microeconomic theory the volume of products produced is determined by the point of intersection of the curves of the maximum expenditures and the maximum income (that is, the volume of production is controlled by the price). In practice we observe the opposite picture: it is not the volume of the production that is controlled by the price, but the release price sooner or later is adapted to it. The constant striving to increase the volume of production, as was stated in the first part of the book, is brought about by factors that do not depend on prices. Here "vegetative" regulation predominates not as a result of fixed or inflexible prices but because of their weak influence on the behavior of the enterprise.

Prices do not exert an appreciable influence on investment decisions either. In real economic practice, the author thinks, capital investments are distributed according to many criteria, among which profitability plays an insignificant role. Of much more significance are nonprice factors (deficit of products, labor force, balance considerations and so forth). Practically no attention is paid to the level of the interest rate on invested money (it in no way limits the demand for capital investments) or the ratio of relative prices and production factors (percentage rate and for wages) when selecting more or less capital-intensive projects. During the period of intensive development of the socialist economy, Kornai notes, with the redistribution of capital investments shortages of capital and labor are not compared since there is a chronic shortage of both.

J. Kornai does not agree with the widespread opinion that the main reason for the shortage of production resources is an incorrect ratio of prices for them. With the existing economic mechanism no changes regarding the price level can preclude constant reproduction of the shortage; they can only shift it from one product to another since it is predetermined not by supply but by exaggerated demand for resources.

Centralized or decentralized price setting plays a role. If prices do not significantly influence the behavior of the enterprises, the latter under conditions of nonrigid budget restriction can have an extremely significant influence on them. In economic literature they usually consider questions of centralized price setting under conditions of the socialist state. Yet actual price setting has been decentralized to a significant degree and is the result of joint actions, conflicts, and compromises between the state and the enterprises. The explanation of price-setting processes in the book under review is original and, in our opinion, brings us much closer to an understanding of it.

J. Kornai advances a somewhat unexpected hypothesis: the higher the level of the country's economic development, the more difficult it is to exercise administrative control over prices. The fact is that it is easy to administer prices only for so-called "standardized products" (coal, petroleum, cement, sugar, milk, and so forth). If the number of these increases it is quite insignificantly. It is fairly easy to describe the quality of such a product in terms of one or two parameters and then monitor to make sure that these correspond to the accepted standard (a necessary condition for the effectiveness of administrative prices). There is a much more rapid increase in the number of products whose quality characteristics include several thousand parameters—these are the so-called differentiated products (radios, complicated instruments, machines, and so forth). It is extremely difficult to establish and control prices for these products administratively. The producer can conceal an increase in these by changing over to producing new products or reducing production outlays for old ones. The greater the differentiation of the product the greater the possibilities of this.

Therefore in reality, the author writes, one should distinguish administrative, contractual, and pseudo-administrative (the intermediate type) prices. Enterprises strive through increasing contractual and pseudo-administrative prices to shift the increase in production outlays onto the consumer, and the consumer when there is a shortage agrees to a higher price. The state is in a position to alleviate this tendency but not to completely eliminate it. Kornai comes to the conclusion that there is an internal mechanism that guarantees what prices remain stable and thus real earnings are kept at the appropriate level. Conversely, prices have an inherent tendency to rise. In order to eliminate this the state must take active measures, particularly through the price policy and wages. Now, J. Kornai asserts, in the socialist economy a considerable share of the prices, in spite of the widespread opinion, are not formed centrally and an active state price policy is absolutely necessary.

The supply of labor, the demand for it, and the wage fund: the author considers a typical feature of the socialist economy to be the constant desire of economic leaders to increase the wages of their subordinates. This imposes an increasing tendency on the "base" and gives

it an exceptionally large value. In real economic practice one encounters two kinds of "famine": investment and that pertaining to wages. They are directly opposed, but this is recognized only at the highest levels of economic leadership. Pressure in the direction of increasing wages is a "built-in inflation factor." In Kornai's opinion it is very important. Therefore price stability is largely determined by the level of development of the centralized wage policy and its consistent implementation under the condition of strict observance of discipline in this sphere. The overall conclusion from this section of the book: the ratio between demand for labor and its supply affects the level of wages, but is only one of the determining factors. The wage policy can contribute to reducing the shortage of labor resources but it is not able to completely eliminate it. The main reasons for this shortage are the constant striving to increase production volumes that push resources to their limit, including labor resources.

The role of money: the nonrigidity of the budget restriction of a socialist enterprise is regarded in the book as the basic factor that determines the role of money in economic processes and the possibilities of the state monetary policy. Money is active if the behavior of the economic organization depends on the quantity at its disposal. But then the degree of rigidity of the budget restriction and the degree of activity of money are simply different aspects of the same phenomenon. If the restriction is rigid, the left part of it (the demand for money) must be adapted to the right part (a set sum of money). Otherwise money will play a passive role. In an economic system where the growth of production is limited not by demand but by resources, the quantity of money the producer has is not an effective restriction of this growth. The producer makes economic decisions irrespective of this quantity. Moreover, his actions condition the corresponding demand for money and the quantity of it passively adapts to this.

J. Kornai illustrates these points using the example of the organization of finances of socialist enterprise against branches. Even in internal monetary circulation various kinds of money are singled out and they cannot be mutually converted. Thus money for paying wages and for financing capital investments and the current activity of the enterprises have a strict special purpose. Part of the circulating capital is formed through credit sources and this means that complete self-financing is not part of the enterprise's basic activity.

The system of short-term bank credit is not rigid either, the overall sum of bank credit is not limited, and in practice the enterprises are given as much credit as they need. And although the enterprise's demand for credit is a finite amount, it is not regulated by the level of the interest rate. A possible increase in interest payments for credit does not bother the enterprise for it will sooner or later manage to shift it to the consumer or state. Thus interest as the price of credit is an ineffective price and the demand for credit is not sensitive to changes in it.

The availability of resources and the desire of the enterprise to use them is sufficient substantiation for applications for credit which, as a rule, are granted. It is possible to have reciprocal credit for enterprises and they can bring the funds of their suppliers and buyers into their own circulation (credit indebtedness, and so forth).

The budget restriction on capital investments is extremely soft. As was already noted, a small part of them are covered through internal funds. Moreover, an application for capital investments only externally acts as a request for allotting the corresponding sum of money when in fact behind the veil of money is concealed a request for permission to begin construction. The main thing is to begin and then it will be financed one way or another. In Kornai's opinion, there are practically no cases in which construction is curtailed because of the lack of monetary funds. Hence the conclusion: in this sphere the role of money is even more passive. Of course, one cannot rule out the implementation of unsuccessful plans, but that does not entail a financial catastrophe, and in the final analysis any capital investment is justified. Therefore the quantity of money at the disposal of the investor practically does not serve as a real restriction on the expansion of production. As was already stated, the only restriction like this is the availability of resources.

There is no direct connection between the monetary funds accumulated in the preceding period and the capital investments of the present period. Investment intentions and their realization have their own laws that are independent of previously accumulated funds. Of course the monetary mass in circulation increases or decreases with changes in the volume of capital investments, but it passively reflects their dynamic. Nor is there any dependency between the amounts of investments of the population in credit institutions and the amounts of consumer credit. All this explains, in the opinion of J. Kornai, the inadequately active role of money and, correspondingly, of the monetary policy of the state in the economy, whose development is limited only by the availability of resources.

The sphere of personal consumption: the monograph also analyzes in detail the sphere of personal consumption, in the author's terminology—"household economics." Its peculiarities and the difference between this and the production of goods for production and technical purposes are considered. Above all, the budget restriction of the individual consumer is rigid and therefore money and monetary relations play an active role here. In particular, the consumer is sensitive to changes in retail prices, but his reaction depends on the specific ratios among various forms of distribution of goods. In a socialist society the proportion of goods distributed free of charge or at a symbolic price is significant. In this sphere the consumer reacts least of all to a change in prices. If the volume of consumer goods is inadequate to satisfy one need or another (and this is the typical situation), the absence of an "effective" price (one that

regulates the volume of consumption) inevitably leads to a shortage. The latter, of course, can also arise when there is an "effective" price, but without it the shortage is much greater. Therefore under the conditions of an unsatisfied demand there arises the problem of the expediency of the distribution of consumer goods free of charge. In any case we are forced to reconcile ourselves to the fact that the shortage of these goods is the price the society pays for this kind of distribution.

J. Kornai distinguishes three basic forms of distribution of objects of personal consumption: "auction" (market), rationing and waiting lists. None of these plays an exclusive role; they are usually combined. The author formulates the general tendencies:

the less sensitive the producer and consumer are to price changes, the weaker the role of market distribution;

with an increase in the shortage of distributed goods, nonmarket and nonprice methods become more and more significant;

the more significant the role of the state in the economy, the more significant are administrative methods of distribution.

J. Kornai continues an idea that harkens back to the first part of the book: in spite of ingrained ideas, in addition to direct centralized methods and decentralized market regulation, there is also decentralized quantitative ("vegetative") regulation of economic processes, including the distribution of consumer goods. The significance of "vegetative" regulation in a socialist economy is great. The monograph analyzes in detail the criteria for rationing when distributing consumer goods and various forms of waiting lists.

Regardless of the concrete forms of distribution of consumer goods or, rather, one or another combination of them, J. Kornai asserts, a chronic shortage of these goods in the economy whose development is limited by the availability of resources is a fact of life. There are two ways of reducing it. The first is by better organization of information and other service for consumers and a reduction of "friction" which is inevitable in economic processes, including distribution. The second is to increase retail prices that limit demand. But the author warns against overestimating the possibilities of the second method. It is effective in the abstract model of competitive equilibrium of Walras, but it is far from always effective in a real economic system.

The reaction of the consumers to the growth of prices is not sufficient to eliminate a shortage of consumer goods if the supply and demand of the state setter are not elastic, with respect to these prices. The majority of goods has competing spheres of utilization, especially means of production, which are applied for producing both means of production and objects of consumption. Under these conditions a reduction of the demand of

individual consumers because of an increase in prices can be completely compensated for by the almost insatiable demand of the enterprises. As a result, the intensiveness of the shortage remains the same. One must not forget that budget restriction is rigid only for the population and not for the enterprises. The conclusion: raising the level of retail prices does not automatically involve a reduction of a shortage on the market for consumer goods. The state sector, which is insensitive to price changes, is capable of "pumping in" additional quantities of these goods for its own advantage. It is possible to counteract this tendency only with the help of administrative measures.

The analysis of the sphere of personal consumption is culminated by two hypotheses. The first: in a socialist economy the real consumption of the population increases steadily and significantly for a long time, but this growth is accompanied by a chronic shortage in certain spheres of consumption. The author clearly delimits the issues: what is the volume of actual consumption; does the consumer receive what he wants for his money and how easy is this? A shortage of consumer goods is not the result of the economic backwardness of the system (in many countries it is felt simultaneously with an extremely high level of personal consumption). Therefore J. Kornai considers productive the category of "quality of life" which emphasizes the importance of a study not only of the volume of consumption but also other factors that determine this quality. The outlays of the society caused by the shortage of consumer goods are significant—a reduction of free time of the workers, forced rationing, a constant lack of satisfaction of the consumers not only with the shortage of goods and services, but also with the unattentive attitude of the sales personnel, in other words, all the negative aspects of the so-called "producer market."

The second hypothesis: is an inevitable formation of a shortage with administrative (free or at a nominal price) distribution of goods the demand for which in principle cannot be satisfied. At the same time for certain rationed goods which have a maximum of satisfaction, with this method of distribution is quite realistic in the foreseeable future to eliminate practically all of the shortage. A chronic shortage arises in the sphere of market distribution of consumer goods where the volume of consumption is registered through "effective" prices. Here it is manifested as a result of pumping resources from personal consumption into the production of means of production. J. Kornai analyzes the redistribution in detail and describes the graphic bisectoral model of the economy of "section" which imitates the interaction of the two subdivisions of public production and the mechanism of reproduction of the shortage of production resources and consumer goods. The model relies on the previously formulated theoretical presumptions ("the drive for quantity," "investment famine" and others) and culminates the author's concept of the economic mechanism of "deficit economics."

In the conclusion of the monograph J. Kornai writes about the cause-and-effect of the relationship between a chronic shortage and an economic policy that is oriented toward maximum pulse rates of production, and an economic mechanism that relies on highly centralized management, its multilevel hierarchical structure, administrative rationing and a subordinate role for commodities and monetary relations. Which of these phenomena are primary and which are derived? In his previous works J. Kornai considered the first two to be decisive. Now he is inclined toward the opinion that the main reasons for a shortage are the existing economic mechanism and "institutional conditions and the behavioral characteristics conditioned by them." The economic policy can strengthen or weaken the effect of other factors. Its possibilities are especially great in the distribution of the burden of the deficit among the spheres of economic life.

The limits of a magazine article have enabled us to give only a schematic survey of the basic ideas in J. Kornai's book. The reader familiar with his other works will note that it more or less sums up the result of many years of research of this Hungarian economist concerning questions of the laws of functioning of the socialist economy.

With all the possible objections one cannot but recognize at least two obvious merits of the book. First, it contains systematic research of the economic mechanism of the socialist society that has been taken to the point of theoretical generalizations. Second, it gives basic criticism of nonmarxist theories of economic systems, including modern theories of "disequilibrium." The monograph required that a principally new conceptual apparatus be developed, as well as new methods of investigating economic processes. In our opinion, they can be fruitful for seeing the patterns of the development of both the socialist and the capitalist systems of management. J. Kornai's book provides a significant impetus for similar research and weighty justification for revising many of our existing ideas in this area.

Although the author stipulates that he is generalizing the experience only of European socialist countries, it seems quite justified to extend the majority of his conclusions to the Soviet economic mechanism. We are interested in the peculiarities of J. Kornai's method which skillfully combine economic analysis as such with sociological substantiation of the motivation of participants in economic processes and collectives. There are extremely few works like this in domestic literature. One could only wish that the book were translated and published in our country.

#### Footnotes

1. "Hypercentralization in Economic Management" (1959), "Anti-Equilibrium" (1971), and "Spasmodic and Harmonious Growth" (1972).

2. See: Kornai, J. "Toward a Theory of Disequilibrium," *EKONOMIKA I MATEMATICHESKIYE METODIY*, Vol 8, No 5, 1972, pp 681-697.

3. Editorial remark: Hungary has already adopted the so-called Law of Bankruptcy—an ukase of the presidium of the VNR "The Liquidation Process," which regulates the control of loss-producing measures for clearing up finances. See, for example: *LITERATURNAYA GAZETA*, 26 November 1986, 10 June 1987; *PRAVDA*, 20 July 1987.

#### From the Scientific Works of R. G. Karagedov:

"Pribyl v sisteme ekonomicheskikh kategoriy sotsializma" [Profit in the System of Economic Categories of Socialism], Moscow, "Mysl", 1964.

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"Reform Through the Eyes of the Director," 1970, No 1.

"Cost Accounting: Problems and Judgments," 1978, No 2.

"On the Organizational Structure of Management of Industry," No 8, 1983.

"The First Results, Problems and Prospects," 1985, No 5.

See also materials of the EKO Directors Club of which he was a permanent member.

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### Theory of Production Drama Criticized

18200047m Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 12, Dec 87 pp 168-175

[Article by G. G. Demin (Moscow): "The Zigzags of a Production Drama"]

[Text] The article by theater critic B. Kagarlitskiy, "Between the Shop and the Stage" (*EKO*, 1987, No 2), which traces the evolution of one of the significant trends in modern dramaturgy, the production drama, clearly formulated its major shortcoming: it did not give an answer to the question of "what type of individual and what type of position in life corresponds to the new scale of tasks." This is precisely why the production drama, it would seem, which has done so much to sharply change the political climate, ended up far from the leading edge by the time the change it called for took place. The distribution of positions took place in spite of the fact that according to the scheme of the production conflict, they tried to create new variants which no longer involved just shops and construction sites but intervened into other spheres of activity—management of jurisprudence, trade, and so forth. The expanded interpretation of the theme "Man and His Work" made it possible to bring in other material, but this was a purely spatial, quantitative increase, which brought no new ideas and thus was destined to go nowhere. The practical exhaustiveness of the model of the production drama of the 1970's became apparent several years ago—its very introduction as a mandatory category on the movie poster foreshadowed its inevitable degeneration. The directive propagation generated a flow of imitative pseudodramas which evoked boredom among the viewers and revulsion among the actors.

The theater and dramaturgy are adjoining vessels and stage art can influence dramatic literature. But the theater today is not only striving to be among the active propagandists of the restructuring, but is also trying to experience all of its economic peripeteia within itself. The theater is changing over to cost accounting. From now on production relations will not only be of interest to the theater as an aesthetic or civil problem, but will directly affect it.<sup>1</sup> The future of the production drama will therefore depend to a considerable degree on its interrelations with the theater. To discard its merits and the commentarial fervor which once brought it nationwide recognition would be wasteful. It would not be useless to consider production motifs in the presentations of past seasons—from them one can predict the further destiny of the worker (and not only worker) theme.

Of the performances staged during the 1985-1986 season several stand out in which the production conflicts served as a pretext for exultant, fanfare melodies. Primacy here belongs (incidentally, with a minimal break) to the Theater imeni Vakhtangov in the capital, which

played the Komsomol youth parody "Yenisey Meetings" following motifs of essays by A. Zyabrev in the production by Ya. Simonov. Beginning with the prologue, when the young artists passed through the audience, indicating that they were heroes from out there, from life; continuing in the epigraph when an honored gray master passed on the sacred baton—a torch—into the hands of the youth; and subsequently to all of the presentation one could see the desire to make a statement about universal labor enthusiasm which scorns the laws of economics. The working days of the brigade of special hydraulic electrical installers (and perhaps the electrical hydraulic special installers) in the construction of the largest GES in Siberia (and perhaps in the world as well) were transformed into an enraptured hymn to continuous creation in which there was no room for doubts and thoughts. The only difficulties were meteorological and these were overcome when everybody became friends and grabbed hold of a cable which was tied to something the viewer cannot see but which was categorically large and important. Production, which gathered an unprecedented bouquet of theatrical stamps of approval and conventional optimism, caused mass flight of the public from "meetings" and sharp rebukes from the long-patient press. The attempt to extol youthful enthusiasm as the only method of solving problems failed miserably and the performance was canceled.

A sad fate awaited the performances of another academic theater in the capital as well—imeni Mossovet. In "The Passageway" by S. Kokovkin, which was staged by P. Khomskiy, the action develops at a ceramics plant where a gigantic imported machine that forms insulators refuses to operate with domestic raw material. The most intense moments of the performance come with the testing of the samples that are obtained when, right by the firebars, they are inexorably being approached by old, coldly brilliant spheres, and between them dump the charge that blinds and deafens the stupefied audience. The main hero—a former personnel worker who is now a porter—throws his body in the way of the unsuitable product. Taking his rifle from his shoulder, he leads the irresponsible official in front of all the characters and the stunned public. The shot gives out a unanimous wail, but the target turns out to be the bad sample, which flies into pieces. Enough words, let us take up arms!—the idea that comes through is different from the intention of the Vakhtangov actors except that inadvertently it demonstrates what philosophical debts can be reached by the egoism of the production drama.

But the majority of performances about business people have not been distinguished by their bloodthirstiness or superficial thinking. In a concentrated way they have solved contrived problems, overcome nonexistent obstacles and cheerfully led up to a life-affirming finale. Regardless of what names such creations may bear—"The Supreme Court" or "Krizhevskiy Volunteers"—no matter where the events described in them take place—their characters have never been on the stage of any theater—they were all the same hackneyed variant of the game of giveaway with the audience.



But what is most significant about the spectacles that have limited public attention is that they have also dealt with economic and production issues. "The Dictatorship of the Conscience" by M. Shatrov, staged by M. Zakharov on the stage of the Moscow Theater imeni Leninskiy Komsomol begins with an emergency meeting in the office of the editor in chief of a youth newspaper. The depressing place harmonizes with the unthinkable slicked-down wig of the boss and the standard speeches of those in attendance. Then the walls collapse and there is the metaphor of the endless space and swirling time, in which there is also a heated argument about the contradictions of democracy and socialism. The address to the political theater has required a break—visual—of outdated aesthetic canons that are strictly linked (in the eyes not only of the theater, but also of the public).

Management methods are the subject of the play by A. Buravskiy, "Say..." which is based on a book of essays called "Daily Life in the Rayon" by V. Ovechkin and facts from the writer's biography. The material itself—the initial source describes a village during the 1950's—requires, it would seem, that attention be paid to economic problems. But the question of why the progressive leader who replaced a libertarian resorts to force himself is translated by the Theater imeni Yermolova and the producer V. Fokin into the commentarial plane, inevitably clouding the analysis of the pathetic element.

Conversely, the mechanism for extinguishing initiative is the subject of consideration in "The Redkin Effect" by A. Kozlovskiy, a play that parodies the customary production conflict: a young inventor discovers a way of achieving universal abundance in no more than a year. The absurdity of the "effect" makes it possible to elucidate the real deadness of the officers approached by our main hero, who is full of grandiose plans. It is extremely typical that a production drama turned inside out this way encountered the most polar attitude in the various cities where it was performed. In some places its premiere coincided with the day of the opening of the party congress, in other places there were demands to ban it as anti-Soviet. The changeover to a different artistic model was perceived as ideological hypostasy—a murderous characterization of a genre that was flourishing at one time. It is understanding that the theater casts doubts on any concept that is embodied in the traditional framework. "The Article" by R. Solntsev is a typical example of the trend under consideration: the chief of the state architectural-construction control administration fights against defective work and money made on the side at his own risk. The director Yu. Yernin in the performance on the stage of the Central Theater of the Soviet Army, decisively changed the tone of the play, resorting to open buffoonery: the main hero is transported in a flying armchair over the heads of the other characters; he hits a broken automatic machine with his fist and there is a gush of carbonated water; the movements are done in dance rhythms, and so forth. The Balaganny Group works on ridiculing all ranks of bureaucrats encountered by the foolish main hero. The latest production drama

takes itself so seriously as cast off—it is impossible to discuss any business problems with this zoo of bureaucrats which is presented on the stage.

And so irony completely predominates in the theater's attitude toward the recent favorite. It is remarkable that the MKhAT, which culminated its season with a performance of "Choknutaya" (the play by A. Gelman had a more ordinary title—"Zinulya"), which is unusual for an academic company, sustained a failure by resolving the conflict between the dispatcher and the superiors in psychological tones. The positive hero who was defeated by the vicious system lost his attractiveness since the idea of the irreversibility of changes have already become rooted in the public awareness and the degree of candor which was previously attractive has given way to sharpness which is quickly acquired by the more efficient means of mass information. Also noteworthy is the hasty relocation of the Theater imeni Mossovet after the end of the season when it produced "Citation" by L. Zorin, where the partying actors mock the recent idols of authority to their heart's content.

It seems that the theater has recognized (and the viewer is prompting those who linger) that support for one economic concept or another is not within the realm of art and it is glad to give up its past successes. But the production drama has a strong competitor, which now might become an adviser. In stage art of the past decade and a half there has been a tendency which externally would seem to directly oppose plays about "business people." Using the dramas of A. Vampilov as a model (from which it also received one of its names—the post-Vampilov dramaturgy), this trend has placed a taboo on the professional activity of the characters, limiting them to the sphere of daily life. The language of the heroes of L. Petrushvskaya, A. Garin, V. Slavkin and authors of this "new wave," it seems, does not include the technical and economic terms that so generally filled the speech of characters in the production drama. But even with the apparent difference in the depictive means between the two trends there is a deep similarity: in daily life one becomes aware of the burning social problems that also bothered those who wrote about production. The very exclusion of the business area and the perception of work only from the standpoint of everyday life—how much you earn and how much time you spend en route—clearly signal that not all is well when the existing situation is for self-realization of the individual. It is therefore typical to have the response that is arising among leaders of both trends: if A. Gelman several years ago prized her readers with "The Bench," whose heroes, a man and a woman, happen to meet in a park and are concerned only about their personal lives, L. Petrushvskaya has responded with a play that is a parody—"The Bench—The Bonus."

The existing situation is somewhat reminiscent of the situation in dramaturgy during the 1930's when there was also discussion of the advantages of the intimate world or the world in which characters performed—the

only difference is that today the condition of the society is perceived with a different sign. That dispute ended by leading toward the apparent satisfaction of the parties with the development of a "synthesis": the joining into one of the works of the business and personal spheres of existence. In practice the union led to the opposite result—the unification of the drama, accelerated conflict, which was equidistant from both moral and economic problems that arise. The better social experience must be taken into account today—does the theater dare to do this when it is engaged in a search for new organizational forms and the creation of its own creative alliances?

The season of 1986-1987 in the capital was unexciting in spite of the widely advertised opening of seven new theaters (some of which are no longer functioning). The struggle switched to within the theaters which are torn apart by contradictory strivings<sup>2</sup> and the viewer is being offered performances of classics (with "unmasking" tendencies) that were never established previously in the repertoire of the play and the adaptation of the most popular novels. And still there were a number of premieres that touched upon the problem under consideration from various sides.

In "The Wall" by A. Galin the viewer is shown a technological process, although a special kind—theatrical. The director of a provincial theater who has staged a regular production drama has arranged on the stage a precise copy of a hotel which the actors actually inhabited—for completeness of feelings. Having learned about the secret "hotel" it is invaded by real people on business trips and others who have no homes, giving rise to a chain of tragicomic confusion. At first glance it is a theater party using motifs from within the theater, but the producer R. Viktyuk and the actors of "Sovremennik" have been attracted by a different level: the conflict of real concerns and troubles of ordinary people with their reflection in conventional art. The theater laughs not only at the stagnant patterns of dramaturgy, but also at its own stamps of its embodiment in the unfettered environment of theatrical performance that has triumphed over the burdens of existence.

A different approach is taken in "Examples From Life" which was performed on the stage of the Moscow Theater of Miniatures by M. Levitin from his own play, which is based on essays of well-known journalists. Without concealing the commentarial nature of the initial source, the theater compares several stories whose heroes are marked by a common feature of professional incompetence. Through their own means—in the stage directions, for example, an immense balloon, initially a peaceful rug lying beneath the feet of the stage, when blown up fills the entire space—the theater paints a picture of a widespread social disease whose expansion threatens to destroy the best undertakings.

In overcoming its own inertia the theater places different requirements on itself and on dramaturgy, including in

the production drama. The search for a new hero and new ways of reflecting changing reality reflects both a lack of belief in the possibility of regeneration and the hope that it is irreversible.

#### Footnotes

1. See the interview with the head director of the Theater imeni Yermolova, V. Fokin, in EKO No 3 for 1987.

2. See OGONEK, No 5, 1987.

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#### Excessive Document Turnover Satirized

18200047n Novosibirsk EKONOMIKA I  
ORGANIZATSIYA PROMYSHLENNOGO  
PROIZVODSTVA (EKO) in Russian No 12, Dec 87  
pp 183-184

[Article by Vasil Sotirov (Bulgaria): "Competition of Documents"; translated by Igor Ilingin]

[Text] A good position became available in one institute. They declared a competition. Three people submitted their documents. The first candidate thought that his main competitor would be the one who was second to submit his documents. The second thought the same thing. The competition, however, was won by the third.

Both of the unsuccessful candidates went to the chairman of the competition committee to find out why their colleague had won out over them. The chairman of the commission opened the file with the documentation and leafed through the papers.

"One of the conditions," he began, "was that the candidate have a minimum of 5 years' service in his specialty. Your colleague had 5 years and 2 months in addition."

"But I have 10 years," the former first candidate said nervously.

"But I have 20!" the second added loudly.

"Another condition," the chairman continued calmly. "The candidate must have scientific publications. Your colleague has two of them."

"Two?" The first was amazed. "I have 20."

"And I have 18," the second added his voice in confusion.

"Further," the chairman said undisturbed, "the candidate must know at least one foreign language. Your colleague knows English."

"I know three languages," the first gritted his teeth.

"And I know three," the second sighed heavily.

"Sooo," the chairman looked attentively at the two who were there. "Incidentally, give me your full names."

"Zlatomir Draganov."

"And you?"

"Spas Koychev."

"You see," the chairman closed the file. "The last condition was the following—the name of the candidate must be Petko Kharizanov. And only your colleague met this requirement. Are there any other questions?"

The rejected candidates were silent. There was nothing to ask. There was something to say....

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### **Long-Windedness in Business Satirized**

18200047o Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO)* in Russian No 12, Dec 87 p 184

[Article by Veslav Brudzinskiy: "Reflections"; translated from Polish by V. Vorontsov]

[Text] There is no obstacle on which he could not stand and make an optimistic speech.

A strange dependency: the fewer the successes, the more the economists....

Democratization in his view is giving the broad masses access to theft of public property.

The fight against pedantry and bureaucracy is difficult because for its success it needs pedantic bureaucrats, and they are on the other side.

A real innovator does not look around to see if people are following him—he feels this from the kicks in his backside.

I do not want to produce good commodities. I asserted that the higher the quality of the product the more sensitive the shortage becomes.

A turning point in your career—they no longer say to you: "Briefly!" but simply "You!"

Certain people think that it is worthwhile to stand on their hind feet.

Do not scheme against a superior to whom you are in no way obligated!

"Do not be alarmed, this is only a storm in a glass of water!"—"Yes, but how does it break out of the glass?"

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